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ASX RELEASE

17 January 2019

SCHEME IMPLEMENTATION AGREEMENT WITH KPP

As referred to in the concurrently lodged ASX announcement, "Spicers Limited Enters into a Scheme Implementation Deed with Kokusai Pulp & Paper Co., Ltd.", attached is a copy of the Scheme Implementation Deed ("Implementation Agreement") entered into between Spicers Limited and with Kokusai Pulp & Paper Co., Ltd. ("KPP"), under which KPP would acquire all of the shares in Spicers pursuant to a Scheme of Arrangement ("the Scheme").

Kokusai Pulp & Paper Co., Ltd.

Spicers Limited

Scheme Implementation Deed

EXECUTION VERSION

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This Deed is made on **17 January 2019**

Parties

- 1 **Kokusai Pulp & Paper Co., Ltd.** registered in Japan of 6-24 Akashi-cho, Chuo-ku, Tokyo 104-0044 Japan (**KPP**).
- 2 **Spicers Limited** (ACN 005 146 350) registered in Victoria of 155 Logis Boulevard, Dandenong South, Victoria 3175 (**Spicers**).

Recitals

- A KPP proposes to acquire all of the Scheme Shares pursuant to the Scheme.
- B Spicers and KPP agree that Spicers will seek the approval of Spicers Shareholders to implement the Capital Returns contemporaneously with the Scheme.
- C Spicers has agreed to propose the Scheme and the Capital Returns to Spicers Shareholders and to issue the Scheme Booklet to Spicers Shareholders, and KPP and Spicers have agreed to implement the Scheme and the Capital Returns, upon and subject to the terms and conditions of this Deed.

It is agreed as follows.

1 Definitions and Interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

ACCC means the Australian Competition and Consumer Commission.

Accounting Standards means the accounting standards required under the Corporations Act (including the Approved Accounting Standards issued by the Australian Accounting Standards Board).

Accounts means the consolidated financial statements (including the notes thereto) contained in the audited financial report in respect of the Spicers Group for the period to the Accounts Date.

Accounts Date means 30 June 2018.

Adviser means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity to the market in general and who has been engaged by that entity.

Agreed Public Announcement means the public announcement to be made by Spicers in the form of Schedule 4.

Announcement Date means:

- (a) the date on which this Deed is executed; or
- (b) if this Deed is executed on a day that is not a Trading Day, the first Trading Day immediately following the day of execution.

Asian Operations Distribution means an equal reduction of the share capital of Spicers by an amount equal to the Asian Operations Sale Proceeds, net of any applicable Tax or Duty, banking charges or fees (including wire transfer fees or corresponding charges) or charges or fees of a similar nature which are incurred with respect to such distribution.

Asian Operations Sale means the sale of all the issued shares in Spicers Paper (Singapore)

Pte. Ltd. and Spicers Paper (Malaysia) Sdn Bhd pursuant to the Asian Operations Sale Agreement.

Asian Operations Sale Agreement means the Share Sale Agreement dated 26 September 2018 between Spicers, Spicers Holdings (Asia) Pte. Ltd. and Japan Pulp & Paper Co., Ltd..

Asian Operations Sale Proceeds means amounts received by the Spicers Group under the terms of the Asian Operations Sale Agreement (which amounts exclude the Property Sale Proceeds in respect of the Singapore Property).

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12(2) of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as 'ASX' operated by ASX Limited.

ASX Listing Rules means the official listing rules of ASX.

ATO means the Australian Taxation Office.

Base Scheme Consideration has the meaning given in clause 4.3(a)(i).

Business means the business carried out by the Spicers Group.

Business Day means any day that is each of the following:

- (a) a Business Day within the meaning given in the ASX Listing Rules; and
- (b) a day that banks are open for business in Sydney, New South Wales, Australia and Tokyo, Japan.

Business Intellectual Property means:

- (a) the Intellectual Property Rights set out in Schedule 2 to the Spicers Disclosure Letter;
- (b) the Trade Marks;
- (c) the Patents;
- (d) the Domain Name Licences;
- (e) any other Intellectual Property Rights used in or relating to the Business,

including any divisionals to any registrations or applications, any right to file further applications and the right to take action against Third Parties for infringement of any rights relating to that intellectual property, misleading or deceptive conduct or passing off, whether occurring before or after the date of this Deed, but excluding the Third Party Intellectual Property.

Business Records means all original and certified copies of the books, records, documents, information, accounts and data (whether machine readable or in printed form) owned by or relating to a Spicers Group Member or the property of a Spicers Group Member and any source material used to prepare them.

Capital Return Resolutions means the resolutions put to Spicers Shareholders at the Special General Meeting to approve the Capital Returns.

Capital Returns means any or all, as the context requires, of the following:

- (a) Asian Operations Distribution;
- (b) Property Distribution; and
- (c) Excess Cash Distribution,

where, for the avoidance of doubt, each of which must be a distribution of cash and not an in-specie distribution.

Cash and Cash Equivalents means the CASH account code in the General Ledger.

Claim means any claim, demand, legal proceedings or cause of action (including any claim, demand, legal proceedings or cause of action):

- (a) based in contract, including breach of warranty;
- (b) based in tort, including misrepresentation or negligence;
- (c) at common law or in equity; or
- (d) under statute, including the Australian Consumer Law (being Schedule 2 of the *Competition and Consumer Act 2010* (Cth) (**CCA**)) or Part VI of the CCA, or like provision in any state or territory legislation,

in any way relating to this Deed or the Transactions, and includes a claim, demand, legal proceedings or cause of action arising under an indemnity in this Deed.

Competing Proposal means any proposal, offer, transaction, arrangement or agreement (other than with KPP or its Related Bodies Corporate, including any Transaction that may be made or implemented in accordance with this Deed) by or with any person pursuant to which, if the proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms, a Third Party (either alone or together with any Associate) will:

- (a) directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Spicers Shares or the shares of any other Spicers Group Member;
- (b) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of the assets or business of any Spicers Group Member;
- (c) acquire control (within the meaning of section 50AA of the Corporations Act) of Spicers or any other Spicers Group Member;
- (d) otherwise directly or indirectly acquire or merge (including by a reverse takeover bid or dual listed company structure) with Spicers or any other Spicers Group Member; or
- (e) require Spicers to abandon, or otherwise fail to proceed with, the Transactions,

whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other proposal, offer, transaction or arrangement.

For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.

Conditions Precedent means the conditions precedent set out in clause 3.1.

Confidentiality Deed means the deed titled 'Confidentiality and exclusivity deed' between KPP and Spicers dated 12 November 2018.

Consolidated Group means a "consolidated group" or an "MEC group" as those terms are defined in section 995-1(1) of the ITAA 1997.

Contamination means, in relation to land, the presence in, on or under that land, including groundwater under that land, of any substance (including a chemical, a mineral or any natural or human produced substance) which has been added to the land at a concentration above the concentration at which the substance is normally present in, on or under geologically similar land

in the same locality and poses a threat to human health or the Environment.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act as KPP and Spicers may agree in writing.

Deed Poll means a deed poll to be executed by KPP in favour of the Scheme Shareholders substantially in the form of Schedule 3 (or in such other form as KPP and Spicers may agree in writing).

Deferred Consideration means the aggregate amount of any Property Sale Proceeds, which the Spicers Board, acting reasonably and in good faith, believes will be received by the Spicers Group during the Deferred Returns Period and which amounts will be held by the Spicers Group for the benefit of the Scheme Shareholders.

Deferred Returns Period has the meaning given in clause 5.4(b)(ii).

Disputing Action means, in respect of a Tax Demand, any action to cause the Tax Demand to be withdrawn, reduced or postponed or to avoid, resist, object to, defend, appear against or compromise the Tax Demand and any judicial or administrative proceedings arising out of that action.

Domain Name Licences means:

- (a) the domain name licences set out in part 2 of Schedule 2 of the Spicers Disclosure Letter; and
- (b) the domain name licences in respect of the domain name registrations registered to a Spicers Group Member or used in the Business.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Governmental Agency and includes any interest, fine, penalty charge or other amount imposed in respect of any of them, but excludes any Tax.

EBITDA means earnings before interest, taxes, depreciation and amortisation.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Employee means an employee of a Spicers Group Member as at the date of this Deed and including any person who becomes an employee of a Spicers Group Member between the date of this Deed and the Implementation Date.

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset; or
- (b) created or otherwise arising in or over any interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to:

- (c) any agreement to grant or create any of the above; and
- (d) a security interest within the meaning of section 12(1) of the PPSA,

but does not include a Permitted Encumbrance.

End Date means:

- (a) seven months after the date of this Deed; or
- (b) such later date as KPP and Spicers may agree in writing.

Environment means the physical factors of the surrounds of human beings including the land, waters, atmosphere, climate, sounds, odours, tastes, the biological factors of animals and plants, the social factors of aesthetics, and includes ecosystems.

Environmental Law means any statute or common law relating to the Environment including any law relating to land use, planning, heritage, coastal protection, water catchments, pollution of air or waters, soil or groundwater contamination, chemicals, waste, use of hazardous or dangerous goods or substances, building regulations, public and occupational health and safety, noxious trades, or any other aspect of protection of the Environment or person or property.

Excess Cash Distribution means an equal reduction of the share capital of Spicers by an amount equal to:

- (a) the Excess Net Cash Amount (where the Excess Net Cash Amount is a positive number); *less*
- (b) the Net Working Capital Adjustment (if any),

provided that if the Excess Cash Distribution calculated in accordance with this equation is a negative number, the Excess Cash Distribution will be zero. For the avoidance of doubt, the Excess Cash Distribution shall be made net of any applicable Tax or Duty, banking charges or fees (including wire transfer fees or corresponding charges) or charges or fees of a similar nature which are incurred with respect to such distribution.

Excess Net Cash Amount means:

- (a) the aggregate of all Cash and Cash Equivalents of the Spicers Group on hand or credited to an account with a bank or other financial institution, including all interest accrued thereon, as recorded in the reconciled general ledgers of the Spicers Group; *less*
- (b) the Financial Debt Payout Amount; *less*
- (c) Transaction Costs; *less*
- (d) an amount equal to any amounts paid by Spicers as contemplated under clause 11.5(b) for directors' and officers' run-off insurance; *less*
- (e) an amount equal to the outstanding liability for the Spicers Group for Victorian and Tasmanian workers compensation self-insurance commitments for claims incurred to 31 May 2019, with the liability measured based on an independent actuarial report dated on or about 30 June 2019.

Excluded Shareholder means any Spicers Shareholder who is a member of the KPP Group.

Exclusivity Period means the period commencing on the date of this Deed and ending on the earlier of:

- (a) the termination of this Deed in accordance with its terms;
- (b) the Implementation Date; and
- (c) the End Date.

Financial Debt means the aggregate amount of all financial indebtedness (including accrued but unpaid interest on that financial indebtedness) of the Spicers Group arising under:

- (a) the debtor finance facility provided to the Spicers Group by Scottish Pacific Business Finance Pty Ltd;

- (b) the multi-option loan facility provided to the Spicers Group by the Bank of New Zealand; and
- (c) all break costs, prepayment or redemption premiums or penalties payable by a Spicers Group Member in relation to repaying any such indebtedness of the Spicers Group,

but excluding all other financial indebtedness, indebtedness to trade creditors and any payables and receivables between any Spicers Group Member and any other Spicers Group Members.

Financial Debt Payout Amount means the amount of Financial Debt.

First Court Date means the first day of hearing of an application made to the Court by Spicers for orders, pursuant to section 411(1) of the Corporations Act, convening the Scheme Meeting or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

General Ledger means the general ledger of the Spicers Group as maintained in the Spicers Hyperion Financial Management System.

Governmental Agency means any foreign or Australian government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister (including, for the avoidance of doubt, the Commonwealth Treasurer), ASIC, the ACCC, the ATO, ASX, Tokyo Stock Exchange and any regulatory organisation established under statute or any stock exchange, in all cases whether foreign or Australian.

Group Liability has the same meaning as that term is defined in section 721-10(1)(a) of the ITAA 1997.

GST means goods and services tax or similar value added tax levied or imposed in Australia or New Zealand under the GST Law or otherwise on a supply.

GST Act means, in the case of Australia, the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) or, in the case of New Zealand, the *Goods and Services Tax Act 1985* (NZ).

GST Group means has the same meaning as that term is defined in the GST Act.

GST Law has the same meaning as in the GST Act.

Implementation Date means the date that is 5 Business Days after the Record Date, or such other date as Spicers and KPP may agree in writing or as may be required by ASX, but which in any case will not occur earlier than the week commencing 15 July 2019.

Indemnities means the indemnities in clauses 10.3 and 11.1, each of them being an **Indemnity**.

Independent Expert means an independent expert to be engaged by Spicers to express an opinion on whether the Scheme is in the best interests of Spicers Shareholders.

Independent Expert's Report means the report from the Independent Expert commissioned by Spicers for inclusion in the Scheme Booklet, and any update to such report that the Independent Expert issues prior to the Scheme Meeting.

Intellectual Property Rights means all intellectual and industrial property rights and interests throughout the world, whether registered or unregistered, including trade marks, designs, patents, inventions, semi-conductor, circuit and other eligible layouts, copyright and analogous rights, trade secrets, know how, processes, concepts, plant breeder's rights, confidential information and all other intellectual property rights as defined in Article 2 of the convention establishing the World Intellectual Property Organisation of 14 July 1967 as amended from time to time.

Inventories means the INVENTORY account code in the General Ledger.

ITA 2007 means the *Income Tax Act 2007* (Cth).

ITAA 1936 means the *Income Tax Assessment Act 1936* (Cth).

ITAA 1997 means the *Income Tax Assessment Act 1997* (Cth).

KPP Board means the board of directors of KPP (as constituted from time to time), and includes any authorised committee of directors.

KPP Group means KPP and each of its Related Bodies Corporate (excluding, at any time, Spicers and its Subsidiaries to the extent that Spicers and its Subsidiaries are Related Bodies Corporate of KPP at that time).

KPP Group Member means a member of the KPP Group.

KPP Indemnified Parties means:

- (a) each KPP Group Member; and
- (b) the Officers of each KPP Group Member.

KPP Provided Information means all information regarding the KPP Group that is provided by or on behalf of KPP to Spicers or any of its Representatives or the Independent Expert:

- (a) to enable the Scheme Booklet to be prepared and completed in accordance with clause 6.1, and any updates to that information provided by or on behalf of KPP to Spicers or any of its Representatives in accordance with clause 6.2(h);
- (b) to enable applications for Regulatory Approvals to be made; and
- (c) to otherwise comply with KPP's obligations under clause 6.3(d).

KPP Representation and Warranty means a representation and warranty of KPP set out in Schedule 5.

Material Adverse Effect means, when used in a Spicers Business Representation and Warranty, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Spicers Group Member taken as a whole (when compared to what the business, assets, liabilities, financial or trading position, profitability or prospects of the Spicers Group Member would be if the Spicers Business Representation and Warranty were true).

Net Working Capital means the sum of Receivables and Inventories less Payables.

Net Working Capital Adjustment means an amount of Cash and Cash Equivalents to be retained by Spicers such that the Net Working Capital of the Spicers Group that will be recorded in the reconciled general ledgers of the Spicers Group as at 30 June 2019, as estimated by the Spicers Board acting reasonably and in good faith, will be no less than the Net Working Capital Target.

Net Working Capital Target means \$60,200,000.

Notice of Meeting means the notice or notices convening the Scheme Meeting and the Special General Meeting, together with proxy forms for the Scheme Meeting and the Special General Meeting.

Officer has the meaning given to it in the Corporations Act.

Patents means the patents and patent applications including those listed in part 3 of Schedule 2 of the Spicers Disclosure Letter including the inventions described in those registrations or applications.

Payables means the WC_PAY account code in the General Ledger.

Permitted Encumbrance means:

- (a) every lien or retention of title arrangement securing the unpaid balance of purchase money for property acquired in the ordinary course of business on the supplier's standard terms where such unpaid balance is not yet due;
- (b) any Encumbrance in relation to personal property (as defined in the PPSA and to which that Act applies) that is created or provided for by:
 - (i) a transfer of an Account or Chattel Paper;
 - (ii) a PPS Lease; or
 - (iii) a Commercial Consignment,
 that is not a security interest within the meaning of section 12(1) of the PPSA;
- (c) the interest of the lessor or owner in respect of assets subject to a finance or capital lease, a hire-purchase agreement or a conditional sale agreement.

In this definition, **Account**, **Chattel Paper**, **PPS Lease** and **Commercial Consignment** have the meanings given in the PPSA.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Property Distribution means an equal reduction of the share capital of Spicers by an aggregate amount equal to the Property Sale Proceeds, net of any applicable Tax or Duty, banking charges or fees (including wire transfer fees or corresponding charges) or charges or fees of a similar nature which are incurred with respect to such distribution.

Property Sale Proceeds means any net proceeds received by the Spicers Group in respect of:

- (a) the sale of the Singapore Property as contemplated under the Asian Operations Sale Agreement (which amount will be converted by Spicers to Australian dollars); and
- (b) the sale of the Tasmanian Properties,

less any Duty payable by KPP in respect of the acquisition of the Tasmanian Properties by KPP that occurs as a result of the acquisition of the Scheme Shares by KPP, if the sale of either of the Tasmanian Properties is not completed or a binding sale agreement is not in existence between Spicers or any other Spicers Group Member and a Third Party in respect of the sale of either of the Tasmanian Properties at the time of the acquisition of the Scheme Shares. For the avoidance of doubt, this does not include Duty payable by KPP in connection with the acquisition of the Scheme Shares that is not attributable to the fact that the Tasmanian Properties are owned by the Spicers Group as at the time of the acquisition of the Scheme Shares.

Receivables means the WC_RECEIV account code in the General Ledger.

Record Date means 7pm on the date that is 3 Business Days after the Effective Date, or such other date as may be agreed in writing between KPP and Spicers or as may be required by ASX.

Regulatory Approval means any approval, consent, authorisation, no-objection, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Governmental Agency.

Regulator's Draft means the draft of the Scheme Booklet that is provided to ASIC for approval pursuant to subsection 411(2) of the Corporations Act.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Representative means, in relation to a person:

- (a) a Related Body Corporate of the person; or
- (b) an Officer of the person or any of the person's Related Bodies Corporate; or
- (c) an Adviser to the person or any of the person's Related Bodies Corporate.

Security Interest means a security interest as defined in the PPSA.

Scheme means a scheme of arrangement under Part 5.1 of the Corporations Act between Spicers and the Spicers Shareholders substantially in the form of Schedule 2, or in such other form as KPP and Spicers may agree in writing (such agreement not to be unreasonably withheld).

Scheme Booklet means the booklet to be prepared in respect of the Scheme and the Capital Returns in accordance with the terms of this Deed and to be despatched by Spicers to Spicers Shareholders and which must include or be accompanied by:

- (a) an explanatory statement complying with the requirements of the Corporations Act, the Corporations Regulations 2001 (Cth) and ASIC Regulatory Guide 60;
- (b) the Scheme;
- (c) a copy or summary of this Deed;
- (d) the Independent Expert's Report;
- (e) the Deed Poll;
- (f) the Notice of Meeting;
- (g) proxy forms; and
- (h) an explanatory statement under section 256C(4) of the Corporations Act.

Scheme Consideration means the consideration to be provided to each Scheme Shareholder under the terms of the Scheme for the transfer to KPP of its Scheme Shares, as described in clause 4.

Scheme Meeting means the meeting of Spicers Shareholders to be ordered by the Court to be convened under section 411(1) of the Corporations Act in relation to the Scheme, and includes any adjournment or postponement of that meeting.

Scheme Resolution means the resolution to be put to Spicers Shareholders to approve the Scheme (such resolution to be put to Spicers Shareholders at the Scheme Meeting and that, to be passed, must be approved by the requisite majorities of Spicers Shareholders under section 411(4)(a)(ii) of the Corporations Act).

Scheme Shareholder means each person who is registered in the Spicers Register as a holder of Scheme Shares as at the Record Date.

Scheme Shares means the Spicers Shares on issue as at the Record Date other than any Spicers Share then held by an Excluded Shareholder (but including any such Spicers Share held on behalf of one or more third parties or otherwise in a fiduciary capacity).

Second Court Date means the first day of hearing of an application made to the Court by Spicers for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Singapore Property means the property at 3 Gul Crescent, Singapore, owned by Spicers Paper (Singapore) Pte Ltd as at the date of this Deed.

Special General Meeting means a general meeting of Spicers Shareholders to be convened by

Spicers and held immediately prior to or immediately after the Scheme Meeting for the purposes of considering the Capital Return Resolutions.

Spicers Board means the board of directors of Spicers (as constituted from time to time), and includes any authorised committee of directors.

Spicers Break Fee means an amount equal to \$1,100,000 (exclusive of GST).

Spicers Business Representation and Warranty means a representation and warranty of Spicers set out in Part 2 of Schedule 6.

Spicers Data Room means the electronic data room maintained by or on behalf of Spicers at https://dataroom.ansarada.com/_mvc/ProjMaverick%7C47343/2580776/DocumentIndex#/DocumentIndex through which KPP and its Representatives have had access to information relating to the Spicers Group.

Spicers Director means a director of Spicers.

Spicers Disclosed Information means all information (in whatever form):

- (a) disclosed to ASX by Spicers within 2 years prior to the date of this Deed;
- (b) available at least 5 days before the date of this Deed on any publicly searchable records or registers of ASIC, IP Australia or the register maintained under the *Personal Property Securities Act 2009* (Cth);
- (c) available at least 60 days before the date of this Deed on any publicly searchable records or registers of the High Court of Australia, the Federal Court of Australia or Supreme Courts (throughout Australia); and
- (d) the documents and information (including written responses from Spicers and its Representatives to requests for further information made by KPP and its Representatives) contained in:
 - (i) the Spicers Data Room prior to the date of this Deed, the index of which and accompanying Q&A schedule having been initialled by, or on behalf of, the parties for identification; or
 - (ii) the Spicers Disclosure Letter.

Spicers Disclosure Letter means the letter (if any) containing disclosures against the Spicers Business Representations and Warranties addressed to KPP and delivered to it on or before the date of this Deed and includes all schedules and annexures.

Spicers Group means Spicers and each of its Subsidiaries from time to time.

Spicers Group Member means a member of the Spicers Group.

Spicers Indemnified Parties means:

- (a) each Spicers Group Member; and
- (b) the Officers of each Spicers Group Member.

Spicers Material Adverse Change means any event, change, condition, thing, circumstance occurrence or matter (whether occurring before, on or after the date of this Deed) (each a **Specified Event**) that individually or when aggregated with all such events, changes, conditions, things, circumstances, occurrences or matters of a like kind that have transpired or are reasonably likely to transpire:

- (a) diminishes, or could reasonably be expected to diminish, the consolidated net assets of the Spicers Group (excluding the assets the subject of the Asian Operations Sale Agreement) by at least \$10,000,000 as compared to what the consolidated net assets of

the Spicers Group could reasonably be expected to have been but for the Specified Event; or

- (b) diminishes, or could reasonably be expected to diminish, the consolidated EBITDA of the Spicers Group for the financial year ending 30 June 2019 by at least \$1,000,000 as compared to what the consolidated annual EBITDA of the Spicers Group could reasonably be expected to have been in that financial year but for the Specified Event,

other than an event, change, condition, thing, circumstance, occurrence or matter:

- (c) expressly required or permitted to be undertaken or procured by the Spicers Group pursuant to, or as contemplated by, any Transaction Document, including the Capital Returns;
- (d) to the extent that event, change, condition, thing, circumstance, occurrence or matter is fairly disclosed in the Spicers Disclosed Information;
- (e) which results from a change in law or governmental policy, or accounting standards after the date of this Deed;
- (f) which results from a change of general economic, political or business conditions that impacts Spicers and its competitors in a similar manner;
- (g) resulting from the announcement of, or entry into, or performance of obligations under, this Deed and consummation of the Transactions; or
- (h) resulting from an act of terrorism, war (whether or not declared), natural disaster or the like occurring after the date of this Deed.

Spicers Option means an option on issue in Spicers, as set out in Schedule 7.

Spicers Performance Right means a performance right issued or to be issued under the Spicers Plan Rules, as set out in Schedule 7.

Spicers Plan Rules means the equity incentive plan rules of Spicers titled 'Spicers Performance Rights Plan Rules' in existence as at the date of this Deed.

Spicers Prescribed Occurrence means, other than as:

- (a) required or permitted to be undertaken or procured by the Spicers Group pursuant to, or as expressly contemplated by, the Transaction Documents;
- (b) fairly disclosed in the Spicers Disclosed Information;
- (c) fairly disclosed by Spicers in an announcement made by Spicers to ASX or a document lodged by it with ASIC in the 12 months prior to the date of this Deed;
- (d) as agreed to in writing by KPP,

the occurrence of any of the following events:

- (i) Spicers converts all or any of its securities into a larger or smaller number of shares;
- (ii) KPP becomes aware that any of Warranties 1.10 or 1.11 of Schedule 6 is inaccurate;
- (iii) Spicers or any of its Subsidiaries resolves to reduce its share capital in any way (other than pursuant to the Capital Returns);
- (iv) other than the Capital Returns, Spicers announcing, making, declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members (whether in cash or in specie);
- (v) a Spicers Group Member reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;

- (vi) Spicers or any of its Subsidiaries enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (vii) Spicers or any of its Subsidiaries issues or agrees to issue shares or securities convertible into shares, or grants an option over its shares or other securities convertible into shares, or agrees to make such an issue or grant such an option or right;
- (viii) a Spicers Group Member changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards;
- (ix) Spicers disposes, or agrees to dispose, of the whole or a substantial part of its business or assets;
- (x) Spicers creates, or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of the business or assets of the Spicers Group (taken as a whole) other than in the ordinary course of its business;
- (xi) Spicers or any of its Subsidiaries resolves that it be wound up or an application or order is made for the winding up or dissolution of Spicers or any of its Subsidiaries other than where the application or order (as the case may be) is set aside within 14 days;
- (xii) a liquidator or provisional liquidator of Spicers or any of its Subsidiaries is appointed;
- (xiii) a court makes an order for the winding up of Spicers or any of its Subsidiaries;
- (xiv) an administrator of Spicers or of any of its Subsidiaries is appointed under the Corporations Act;
- (xv) Spicers or any of its Subsidiaries executes a deed of company arrangement; or
- (xvi) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Spicers or any of its Subsidiaries.

Spicers Provided Information means all information included in the Scheme Booklet, and any updates to that information prepared by or on behalf of Spicers in accordance with clause 6.1(m), other than:

- (a) the KPP Provided Information and any information solely derived from, or prepared solely in reliance on, the KPP Provided Information; and
- (b) the Independent Expert's Report.

Spicers Register means the register of members of Spicers maintained by or on behalf of Spicers in accordance with section 168(1) of the Corporations Act.

Spicers Relevant Personnel means:

- (a) Jonathan Trollip, Chairman and Non-Executive Director;
- (b) Andy Preece, Non-Executive Director;
- (c) David Stelling, Spicers Group Strategy Manager;
- (d) Michael Clark, Group Finance & Governance Manager;
- (e) David Martin, Chief Executive Officer; and
- (f) Damien Power, Chief Financial Officer.

Spicers Representations and Warranties means the Spicers Business Representations and Warranties and the Spicers Scheme Representations and Warranties.

Spicers Scheme Representation and Warranty means a representation and warranty of Spicers set out in Part 1 of Schedule 6.

Spicers Share means a fully paid ordinary share in the capital of Spicers.

Spicers Shareholder means a person who is registered in the Spicers Register as a holder of Scheme Shares from time to time.

Spicers' GST Group means the GST Group which includes Spicers as a member.

Spicers' Head Company means the head company of Spicers' Tax Consolidated Group.

Spicers' Tax Consolidated Group means the Consolidated Group of which Spicers and any of the Spicers Group Members are members.

Spicers' Tax Sharing Agreement means the Tax Sharing Agreement contemplated by section 721-25 of the ITAA 1997 and entered into between Spicers' Head Company and each of the subsidiary members (within the meaning of section 995-1 of the ITAA 1997) of the Spicers' Tax Consolidated Group as most recently executed by the parties thereto (and as amended from time to time).

Subsidiary has the meaning given in the Corporations Act.

Superior Proposal means a publicly announced, bona fide Competing Proposal:

- (a) of the kind referred to in any of paragraphs (b), (c) or (d) of the definition of Competing Proposal; and
- (b) not resulting from a breach by Spicers of any of its obligations under clause 12 of this Deed (it being understood that any actions by the Representatives of Spicers not permitted by clause 12 will be deemed to be a breach by Spicers for the purposes hereof),

that the Spicers Board, acting in good faith, and after receiving written legal advice from its external legal advisers and after consulting with its financial advisers, determines is:

- (c) capable of being valued and completed in a timely fashion, taking into account all material aspects of the Competing Proposal; and
- (d) more favourable (or would be more favourable, if completed substantially in accordance with its terms) to the Spicers Shareholders (as a whole) than the Transactions (as the Transactions may be amended or varied following application of the regime set out in clause 12.5(e)), taking into account all the material terms and conditions of the Competing Proposal.

Tasmanian Properties means the properties owned by the Spicers Group as at the date of this Deed at Wesley Vale and Burnie in Tasmania.

Tax means any tax, levy, charge, impost, fee, deduction, goods and services tax, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Governmental Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty.

Tax Costs means all costs and expenses incurred in:

- (a) managing an inquiry; or
- (b) conducting any Disputing Action in relation to a Tax Demand.

Tax Demand means

- (a) a demand or assessment from a Governmental Agency requiring the payment of any Tax or Duty for which a Spicers Group Member may be liable;
- (b) any document received from a Governmental Agency administering any Tax or Duty assessing, imposing, claiming or indicating an intention to claim any Tax or Duty;

- (c) a notice to a contributing member of a Consolidated Group given under section 721-15(5) or (5A) of the ITAA 1997;
- (d) a notice to a member of a GST Group (as defined in the GST Act) in relation to section 444-90(1) of Schedule 1 of the TAA; or
- (e) a lodgement of a Tax or Duty return or a request for an amendment to a lodged Tax or Duty return.

Tax Law means any law relating to either Tax or Duty as the context requires.

Third Party means:

- (a) a person other than any KPP Group Member; or
- (b) for the purposes of the Spicers Representations and Warranties only, any person or entity (including a Governmental Agency) other than a Spicers Group Member or a KPP Group Member.

Third Party Intellectual Property means other Intellectual Property Rights used by a Spicers Group Member in the conduct of, or forming part of, the Business that are owned by a person other than the Spicers Group Member.

Timetable means the indicative timetable in relation to the Scheme and the Capital Returns set out in Schedule 1, or such other indicative timetable as KPP and Spicers may agree in writing or as may be required by ASX.

Trade Marks means:

- (a) the trade mark registrations (and applications for registration of trade marks) including those set listed in part 1 of Schedule 2 of the Spicers Disclosure Letter and includes the trade marks the subject of such registrations and applications; and
- (b) the unregistered trade marks used in the Business or forming part of the Business or the Business Name Registrations or Domain Name Licences including those listed in Schedule 2 of the Spicers Disclosure Letter.

Trading Day has the meaning given in the ASX Listing Rules.

Transaction Costs means the amount (GST inclusive) of all unpaid Third Party costs, fees and expenses, payable by a Spicers Group Member in relation to the Transactions and includes all amounts payable by a Spicers Group Member to Spicers Directors.

Transaction Documents means:

- (a) this Deed;
- (b) the Scheme; and
- (c) the Deed Poll.

Transactions means the proposed transactions pursuant to which:

- (a) KPP will acquire the Scheme Shares under the Scheme, in consideration for the provision of the Scheme Consideration (to be paid in accordance with the terms and conditions of the Scheme); and
- (b) the Capital Returns will be implemented.

Warranty or Indemnity Claim means a Claim for breach of a Spicers Business Representation or Warranty or a Claim under an Indemnity.

W&I Policy (KPP) means any policy of warranty and indemnity insurance issued to KPP following the date of this Deed in respect of the Spicers Business Representations and

Warranties and the Indemnities.

W&I Policy (Spicers) has the meaning given in clause 7.5.

Wholly Owned Subsidiary means, in relation to a party, a body corporate, all of the issued shares of which are or will be directly or indirectly owned by that party.

Work Safety Authority means:

- (a) The WorkCover Authority of New South Wales;
- (b) WorkSafe Victoria;
- (c) Workplace Health and Safety Queensland;
- (d) WorkSafe Western Australia;
- (e) SafeWork South Australia;
- (f) WorkSafe Tasmania;
- (g) NT WorkSafe;
- (h) WorkSafe ACT; and
- (i) SafeWork Australia.

Workers Compensation Insurance Authority means:

- (a) The WorkCover Authority of New South Wales;
- (b) WorkSafe Victoria;
- (c) WorkCover Queensland;
- (d) WorkCover Western Australia;
- (e) WorkCover Tasmania;
- (f) WorkCover South Australia;
- (g) NT WorkSafe;
- (h) WorkSafe ACT; and
- (i) ComCare.

1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) Nothing in this Deed is to be interpreted against a party solely on the ground that the party put forward this Deed or a relevant part of it.
- (d) The following rules apply unless the context requires otherwise.
 - (i) The singular includes the plural, and the converse also applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to a clause or Schedule is a reference to a clause of, or Schedule to, this Deed.

- (vi) A reference to an agreement or document (including a reference to this Deed) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Deed or that other agreement or document.
- (vii) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form.
- (viii) A reference to a party to this Deed or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (ix) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (x) A reference to *dollars* or \$ is to Australian currency.
- (xi) Words and phrases not specifically defined in this Deed have the same meanings (if any) given to them in the Corporations Act.
- (xii) A reference to time is to Sydney time.
- (xiii) If the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.
- (xiv) A reference to a **liability** incurred by any person includes any liability of that person arising from or in connection with any obligation (including indemnities and all other obligations owed as principal or guarantor) whether liquidated or not, whether present, prospective or contingent and whether owed, incurred or imposed by or to or on account of or for the account of that person alone, severally or jointly or jointly and severally with any other person.
- (xv) A reference to a **loss** incurred by any person includes any loss, liability, damage, cost, charge or expense that the person pays, incurs or is liable for and any other diminution of value of any description that the person suffers, including all liabilities on account of taxes or duties, all interest, penalties, fines and other amounts payable to third parties and all reasonable legal expenses and other expenses in connection with investigating or defending any claim, action, demand or proceeding, whether or not resulting in any liability, and all amounts paid in settlement of any such claims.
- (xvi) A reference to **fairly disclosed** means disclosed to a sufficient extent, and in sufficient detail, so as to enable a professionally-advised, reasonable and sophisticated buyer (or its Advisers), experienced in transactions of the nature contemplated by this Deed, to identify, ascertain and fairly assess the nature and scope of the relevant matter, event or circumstance (including, in each case, the potential financial effect of the relevant matter, event or circumstance).

1.3 Consents and approvals

If the doing of any act, matter or thing under this Deed is dependent on the consent or approval of a party or is within the discretion of a party, such consent or approval may be given or such discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion (unless this Deed specifies otherwise).

1.4 Knowledge, belief or awareness of Spicers

- (a) Where any Spicers Representation and Warranty is, or any other provision of this Deed is, qualified by reference to Spicers' awareness, knowledge or belief, Spicers will be deemed to know or be aware of a particular fact, matter or circumstance if any one of the Spicers Relevant Personnel is actually aware of that fact, matter or circumstance.
- (b) The knowledge, belief or awareness of any person other than the Spicers Relevant Personnel will not be imputed on Spicers.
- (c) None of the Spicers Relevant Personnel will bear any personal liability in respect of the Spicers Representations and Warranties or otherwise under this Deed.

1.5 Breach of Conditions Precedent

For the avoidance of doubt, a reference in this Deed to a Condition Precedent being breached includes a reference to the Condition Precedent becoming incapable of being satisfied.

2 Agreement to Propose Transactions

2.1 Spicers to propose

Spicers agrees to propose and implement the Scheme and the Capital Returns upon and subject to the terms and conditions of this Deed, and to use all reasonable endeavours to do so as soon as is reasonably practicable and otherwise in accordance with the Timetable.

2.2 KPP to assist

KPP agrees to assist Spicers to propose and implement the Scheme and the Capital Returns upon and subject to the terms and conditions of this Deed, and to use all reasonable endeavours to do so as soon as is reasonably practicable and otherwise in accordance with the Timetable.

3 Conditions Precedent and Pre-Implementation Steps

3.1 Conditions Precedent

Subject to this clause 3, the Scheme will not become Effective, no Capital Returns will be implemented, and the respective obligations of the parties in relation to the implementation of the Scheme and the Capital Returns are not binding, until each of the following Conditions Precedent is satisfied or waived to the extent and in the manner set out in this clause 3:

Conditions Precedent for the benefit of KPP and Spicers

- (a) **(Independent Expert's Report)** the Independent Expert provides the Independent Expert's Report to Spicers, stating that in its opinion the Scheme is in the best interests of Spicers Shareholders, and the Independent Expert does not change its conclusion or withdraw the Independent Expert's Report by notice in writing to Spicers prior to 8am on the Second Court Date;
- (b) **(Spicers Shareholder approval of Scheme)** the Scheme Resolution is approved by the requisite majorities of Spicers Shareholders under section 411(4)(a)(ii) of the Corporations Act;
- (c) **(Spicers Shareholder approval of Capital Returns)** Spicers Shareholders, to the extent they have not already done so, approve the Capital Return Resolutions by the requisite majority under section 256C(1) of the Corporations Act at the Special General Meeting;
- (d) **(Scheme Consideration and Capital Returns)** as at 8am on the Second Court Date, the aggregate of:

- (i) the Base Scheme Consideration;
- (ii) the Deferred Consideration; and
- (iii) the amounts to be returned to Scheme Shareholders by way of Capital Returns, is equal to or greater than 6.6 cents per Scheme Share;
- (e) **(Court approval of Scheme)** the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act;
- (f) **(no restraints)** no judgment, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Governmental Agency of competent jurisdiction, remains in effect as at 8am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Transactions or any Transaction Document;

Conditions Precedent for the benefit of KPP only

- (g) **(no Spicers Prescribed Occurrence)** no Spicers Prescribed Occurrence occurs or becomes known to KPP between (and including) the date of this Deed and 8am on the Second Court Date; and
- (h) **(no Spicers Material Adverse Change)** no Spicers Material Adverse Change occurs or is discovered, announced or disclosed or otherwise becomes known to KPP, between (and including) the date of this Deed and 8am on the Second Court Date.

3.2 Benefit and waiver of Conditions Precedent

- (a) The Conditions Precedent in clauses 3.1(a) to 3.1(f) are for the benefit of each party. The Conditions Precedent in clauses 3.1(b), 3.1(c), and 3.1(e) cannot be waived. Any breach or non-fulfilment of the Conditions Precedent in clauses 3.1(a) and 3.1(f) may only be waived with the written consent of both parties.
- (b) The Conditions Precedent in clauses 3.1(g) and 3.1(h) are for the sole benefit of KPP, and any breach or non-fulfilment of those Conditions Precedent may only be waived by KPP giving its written consent.
- (c) The Condition Precedent in clause 3.1(d) is for the sole benefit of Spicers, and any breach or non-fulfilment of that Condition Precedent may only be waived by Spicers giving its written consent.
- (d) A party entitled to waive the breach or non-fulfilment of a Condition Precedent pursuant to this clause 3.2 may do so in its absolute discretion.
- (e) If a waiver by a party of a Condition Precedent is itself expressed to be conditional and the other party accepts the conditions, then the terms of the conditions apply accordingly. If the other party does not accept the conditions, then the relevant Condition Precedent has not been waived.
- (f) If a party waives the breach or non-fulfilment of a Condition Precedent, that waiver will not preclude it from suing the other party for any breach of this Deed constituted by the same event that gave rise to the breach or non-fulfilment of the Condition Precedent.
- (g) Waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:
 - (i) a waiver of breach or non-fulfilment of any other Condition Precedent resulting from the same events or circumstances; or

- (ii) a waiver of breach or non-fulfilment of that Condition Precedent resulting from any other event or circumstance.

3.3 Best endeavours and co-operation

Without prejudice to any other obligations of the parties under this Deed:

- (a) Spicers must use its best endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent in clauses 3.1(a), 3.1(g) and 3.1(h);
- (b) each of Spicers and KPP must use their respective best endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent in clauses 3.1(b), 3.1(c), 3.1(d), 3.1(e) and 3.1(f), to the extent that it is within their respective control; and
- (c) neither party will take any action that will or is likely to hinder or prevent the satisfaction of any Condition Precedent, except to the extent that such action is required to be done or procured pursuant to, or is otherwise permitted by, the Transaction Documents, or is required by law.

For the purposes of paragraphs (a) and (b), the 'best endeavours' of a party will require that party to (among other things) co-operate with the other party or a Governmental Agency or third party in good faith with a view to satisfying the Conditions Precedent, including providing all information reasonably required by the other party in relation to the KPP Group or Spicers Group (as applicable) in order to satisfy the Conditions Precedent and providing all information reasonably required by any Governmental Agency or other third party to such Governmental Agency or third party as appropriate.

3.4 Notifications

Each party must:

- (a) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions Precedent;
- (b) promptly notify the other party in writing if it becomes aware that any Condition Precedent has been satisfied, in which case the notifying party must also provide reasonable evidence that the Condition Precedent has been satisfied; and
- (c) promptly notify the other party in writing of a failure to satisfy a Condition Precedent or of any fact or circumstance that results in that Condition Precedent becoming incapable of being satisfied or that may result in that Condition Precedent not being satisfied in accordance with its terms.

3.5 Failure of Conditions Precedent

- (a) If:
 - (i) there is a breach or non-fulfilment of a Condition Precedent that is not waived in accordance with clause 3.2 before the End Date; or
 - (ii) a Condition Precedent becomes incapable of satisfaction, having regard to the obligations of the parties under clause 3.3 (and the breach or non-fulfilment of the Condition Precedent that would otherwise occur has not already been waived),
 either party may serve notice on the other party, and the parties must then consult in good faith with a view to determining whether:
 - (iii) the Scheme or the Transactions may proceed by way of alternative means or methods;
 - (iv) to extend the relevant time or date for satisfaction of the Condition Precedent;

- (v) to change the date of the application to be made to the Court for orders under the Corporations Act approving the Scheme or to adjourn that application (as applicable) to another date agreed by the parties; or
 - (vi) to extend the End Date.
- (b) If KPP and Spicers are unable to reach agreement under clauses 3.5(a)(iii), 3.5(a)(iv), 3.5(a)(v) or 3.5(a)(vi) within 5 Business Days after the delivery of the notice under that clause or any shorter period ending at 5pm on the day before the Second Court Date, either party may terminate this Deed by notice in writing to the other party, provided that:
- (i) the Condition Precedent to which the notice relates is for the benefit of that party (whether or not the Condition Precedent is also for the benefit of the other party); and
 - (ii) there has been no failure by that party to comply with its obligations under this Deed, where that failure directly and materially contributed to the Condition Precedent to which the notice relates becoming incapable of satisfaction, or being breached or not fulfilled before the End Date,
- in which case clause 14.5 will have effect.

3.6 Certificates in relation to Conditions Precedent

On the Second Court Date:

- (a) Spicers must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8am on the Second Court Date:
 - (i) the conditions precedent set out in clauses 3.1(a), 3.1(b), 3.1(c), 3.1(d), 3.1(g) and 3.1(h) have been satisfied or waived in accordance with this Deed; and
 - (ii) to the best of Spicers' knowledge whether the condition precedent set out in clause 3.1(f) has been satisfied or waived in accordance with this Deed; and
- (b) KPP must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8am on the Second Court Date, to the best of KPP's knowledge whether the condition precedent set out in clause 3.1(f) has been satisfied or waived in accordance with this Deed.

Each party must provide to the other party a draft of the relevant certificate to be provided by it pursuant to this clause 3.6 by 5pm on the day that is two Business Days prior to the Second Court Date, and must provide to the other party on the Second Court Date a copy of the final certificate or other evidence provided to the Court.

4 Scheme

4.1 Outline of Scheme

- (a) The parties agree that:
 - (i) Spicers will propose the Scheme on and subject to the terms of this Deed; and
 - (ii) KPP will assist Spicers in proposing the Scheme on and subject to the terms of this Deed.

- (b) Subject to the Scheme becoming Effective, on the Implementation Date the general effect of the Scheme will be as follows:
 - (i) all of the Scheme Shares will be transferred to KPP in accordance with the terms of the Scheme; and
 - (ii) in consideration for the transfer to KPP of all Scheme Shares held by the Scheme Shareholders, the Scheme Shareholders will receive the Base Scheme Consideration in accordance with the terms of the Scheme.

4.2 No amendment to the Scheme without consent

Spicers must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of KPP, not to be unreasonably withheld, conditioned or delayed.

4.3 Scheme Consideration

- (a) The parties agree that the aggregate Scheme Consideration will be an amount equal to:
 - (i) \$90 million (the **Base Scheme Consideration**); *plus*
 - (ii) any additional amounts to be paid by KPP on a deferred basis (and which amounts are not returned to Spicers Shareholders by way of Capital Returns under the Transaction Documents) in accordance with clause 5.4(b),

divided by the total number of Scheme Shares. Any amounts returned to Spicers Shareholders by way of Capital Returns in accordance with the Transaction Documents do not constitute Scheme Consideration for the purposes of this Deed.
- (b) KPP covenants in favour of Spicers (in Spicers' own right and separately as trustee for each Scheme Shareholder) that, in consideration of the transfer to KPP of the Scheme Shares under the terms of the Scheme, on the Implementation Date:
 - (i) KPP will accept the transfer; and
 - (ii) KPP will deposit in cleared funds into an Australian dollar denominated trust account operated by Spicers as trustee for the benefit of Scheme Shareholders an amount equal to the aggregate amount of the Base Scheme Consideration payable to Scheme Shareholders, such amount to be received in the trust account by no later than 12pm on the Business Day prior to the Implementation Date,

in accordance with the Scheme.
- (c) If the number of Scheme Shares held by a Scheme Shareholder as at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to Base Scheme Consideration includes a fractional entitlement to a cent, then the entitlement of that Scheme Shareholder must be rounded down to the nearest whole number of cents.

4.4 Deed Poll

KPP covenants in favour of Spicers (in Spicers' own right and separately as trustee for each Scheme Shareholder) to execute and deliver the Deed Poll no later than the First Court Date.

4.5 Spicers Performance Rights and Spicers Options

- (a) Spicers must ensure that, by no later than the Business Day before the Record Date, there are no outstanding Spicers Performance Rights or Spicers Options.

- (b) In order to comply with its obligation under clause 4.5(a), and except as otherwise agreed in writing between the parties, Spicers must:
 - (i) cause all outstanding Spicers Performance Rights to vest and be exercised so that they convert into Spicers Shares by no later than the Business Day before the Record Date in accordance with the terms of the Spicers Plan Rules so that the holders of Spicers Performance Rights may participate in the Transactions;
 - (ii) issue the number of Spicers Shares required to be issued under the Spicers Plan Rules, which in aggregate must be no more than the total number of Spicers Shares specified against the row 'Spicers Performance Rights' in the third column of the table in Schedule 7;
 - (iii) cause all outstanding Spicers Options to:
 - (A) be exercised in accordance with their terms by no later than the Business Day before the Record Date; or
 - (B) lapse for nil or nominal consideration by no later than the Business Day before the Record Date; and
 - (iv) if applicable, make any necessary waiver applications under the ASX Listing Rules in respect of the actions under this clause 4.5(b).

5 Capital Returns

5.1 Outline of Capital Returns

- (a) Subject to the terms and conditions of this Deed (including this clause 5), Spicers must, to the extent that it has not already done so, propose the Capital Returns.
- (b) Spicers must ensure that the Capital Returns are an "equal reduction" (as defined in section 256B(2) of the Corporations Act).

5.2 Tax Ruling

- (a) The parties acknowledge and agree that, despite any other provision in this Deed:
 - (i) as at the date of this Deed, Spicers intends to seek a class ruling from the Commissioner of Taxation in respect of some or all of the Capital Returns that for the purposes of the *Income Tax Assessment Act 1936* (Cth) or *Income Tax Assessment Act 1997* (Cth) no part of the Capital Returns will be a dividend or a deemed dividend (**Tax Ruling**);
 - (ii) if the Tax Ruling is not obtained in form and substance satisfactory to Spicers on or before the Effective Date, then Spicers may, in its absolute discretion, determine that all or part of the applicable Capital Returns will be distributed to Spicers Shareholders by way of dividend or capital return or a combination of both on or before the Implementation Date; and
 - (iii) if the Capital Returns are to be distributed to Spicers Shareholders by way of dividend (whether in whole or in part):
 - (A) the parties' obligations under this Deed in respect of the Capital Returns will immediately terminate to the extent to which the distributions are by way of dividend; and
 - (B) Spicers must ensure that to the extent a franked dividend is paid, or an amount is declared to be paid out of conduit foreign income, any franking debit or conduit foreign income debit which arises in Spicer's franking

account or conduit foreign income account (as applicable) does not cause that account to be put into deficit or trigger any franking deficit Tax.

- (b) Spicers must:
 - (i) keep KPP regularly informed of the progress and relevant developments in relation to obtaining the Tax Ruling;
 - (ii) promptly provide to KPP all information reasonably requested by KPP in connection with the application for the Tax Ruling;
 - (iii) consult with KPP in advance in relation to all material communications (whether written or oral and whether direct or via an Adviser) with any Governmental Agency relating to the Tax Ruling (**Communications**), and in relation to each material step in the process of obtaining the Tax Ruling; and
 - (iv) without limiting clause 5.2(b)(iii), Spicers must:
 - (A) provide KPP with drafts of any material written Communications to be sent to a Governmental Agency in connection with the Tax Ruling, and allow KPP a reasonable opportunity to review and comment on those drafts prior to their submission; and
 - (B) promptly provide copies of any material written Communications received from a Governmental Agency in connection with the Tax Ruling.

5.3 Asian Operations Distribution

The parties acknowledge and agree that despite any other provision in this Deed:

- (a) as at the date of this Deed, the Spicers Shareholders have approved, subject to certain conditions, a capital return of up to \$15,000,000; and
- (b) Spicers will implement the Asian Operations Distribution on or about the Implementation Date as contemplated by the Timetable or on such earlier date as may be determined by the Spicers Board in its absolute discretion.

5.4 Property Distribution

The parties acknowledge and agree that:

- (a) if the Property Distribution is approved by the Spicers Shareholders at the Special General Meeting and any or all of the Property Sale Proceeds are received by the Spicers Group by the date that is two Business Days before the Implementation Date, then Spicers will implement the Property Distribution to the extent of the Property Sale Proceeds received at that time on or about the Implementation Date as contemplated by the Timetable; and
- (b) if the Property Distribution is approved by the Spicers Shareholders at the Special General Meeting but not all of the Property Sale Proceeds have been received by the Spicers Group by the date that is two Business Days before the Implementation Date, then on and from the Implementation Date, KPP will:
 - (i) use its best endeavours to diligently pursue (or procure that the relevant Spicers Group Members pursue) the sale of the Singapore Property and the Tasmanian Properties, as applicable; and
 - (ii) procure that the relevant Spicers Group Members hold any Property Sale Proceeds that are received by the Spicers Group during the period on and from the Implementation Date until the date that is 12 months after the Implementation Date (**Deferred Returns Period**) for the benefit of the Scheme Shareholders and

will procure that such proceeds are promptly returned to the Scheme Shareholders:

- (A) in accordance with the respective holding of Scheme Shares of each Scheme Shareholder as at the Record Date;
- (B) net of any applicable Tax or Duty, banking charges or fees (including wire transfer fees or corresponding charges) or charges or fees of a similar nature which are incurred with respect to such distribution; and
- (C) net of any costs, fees or expenses payable by KPP to its legal or other professional advisors in connection with KPP's fulfilment of its obligations under clause 5.4(b)(i).

KPP agrees that any such amounts will constitute Scheme Consideration for the purposes of, and be payable in accordance with, the Transaction Documents; and

- (c) KPP's obligations under clause 5.4(b)(i) will cease on the date that is 12 months after the Implementation Date.

5.5 Excess Cash Distribution

- (a) If the Excess Cash Distribution is approved by the Spicers Shareholders at the Special General Meeting and the Scheme becomes Effective, then Spicers will:
 - (i) by 9 July 2019, calculate the Excess Net Cash Amount and any Net Working Capital Adjustment as at 30 June 2019 which must be calculated (where applicable in relation to the calculation of the Excess Net Cash Amount) using the same policies and procedures as have been applied in historical periods and in the calculation of the relevant components of the Excess Net Cash Amount and Net Working Capital; and
 - (ii) cause the Excess Cash Distribution to be paid to Scheme Shareholders as a return of capital on the Implementation Date.
- (b) Spicers must provide supporting documentation and evidence reasonably requested by KPP of the calculation of the Excess Net Cash Amount and any Net Working Capital Adjustment by no later than 12pm on the Business Day following the date referred to in clause 5.5(a)(i).

6 Implementation

6.1 Spicers' obligations

Spicers must take all steps reasonably necessary to propose and implement the Scheme as soon as is reasonably practicable after the date of this Deed and otherwise substantially in accordance with the Timetable, and in particular Spicers must:

- (a) **(sale of properties)** promptly after the date of this Deed, use its best endeavours to procure the sale of the Singapore Property (in accordance with the Asian Operations Sale Agreement) and the Tasmanian Properties and receipt of the Property Sale Proceeds for the same prior to the Implementation Date. For the avoidance of doubt, Spicers will not be in breach of this Deed if it is unable to procure such sale or receipt;
- (b) **(preparation of Scheme Booklet)** as soon as reasonably practicable after the date of this Deed, prepare the Scheme Booklet and consult with KPP in relation to its content and presentation in accordance with clause 6.3;

- (c) **(Independent Expert)** promptly appoint the Independent Expert (if the Independent Expert has not been appointed prior to the date of this Deed), and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) **(liaison with ASIC)** as soon as reasonably practicable after the date of this Deed but no later than 14 days before the First Court Date, provide the Regulator's Draft to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and to KPP, and (to the extent reasonably practicable) keep KPP reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet (and of any resolution of those matters), and use its best endeavours, in co-operation with KPP, to resolve any such matters (which will include allowing KPP to participate in Spicers' meetings and discussions with ASIC);
- (e) **(indication of intent)** apply to ASIC for a letter indicating whether ASIC proposes to make submissions to the Court, or intervene to oppose the Scheme, on the First Court Date under section 411(2)(b)(ii) of the Corporations Act;
- (f) **(approval of Scheme Booklet)** as soon as reasonably practicable after ASIC has provided its indication of intent in accordance with clause 6.1(e), procure that a meeting of the Spicers Board is convened to approve the Scheme Booklet for despatch to Spicers Shareholders (and provide KPP with a copy of an extract of the applicable resolutions from the applicable minutes of meeting, as soon as practicable after those minutes have been prepared and signed);
- (g) **(Court documents)** prepare all documents necessary for the Court proceedings (including any appeals) relating to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) in accordance with all applicable laws, and provide KPP with drafts of those documents for review and (acting reasonably and in good faith) take into account, for the purpose of amending those drafts, any comments from KPP and its Representatives on those drafts;
- (h) **(first Court hearing)** lodge all documents with the Court and take all other reasonable steps to ensure that an application is heard by the Court for orders under section 411(1) of the Corporations Act directing Spicers to convene the Scheme Meeting;
- (i) **(registration of Scheme Booklet)** if the Court directs Spicers to convene the Scheme Meeting, as soon as possible after such orders are made, request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (j) **(ASIC Form 2560)** prior to the despatch of the Notice of Meeting, lodge a Form 2560 with ASIC in respect of the relevant Capital Returns;
- (k) **(Compliance with Court orders)** take all reasonable steps necessary to comply with the orders of the Court, including, as required, despatching the Scheme Booklet to Spicers Shareholders;
- (l) **(Scheme Meeting and Special General Meeting)** convene and hold the Scheme Meeting and the Special General Meeting, and put the Scheme Resolution to Spicers Shareholders at the Scheme Meeting and the Capital Return Resolutions to Spicers Shareholders at the Special General Meeting (to the extent it has not already done so), provided that if this Deed is terminated under clause 13.5 it will take all steps reasonably required to ensure the Scheme Meeting is not held;

- (m) **(compliance)** do everything reasonably within its power to ensure that the Transactions are effected in accordance with all applicable laws and regulations;
- (n) **(listing)** subject to clause 6.1(u)(ii), not do anything to cause Spicers Shares to cease being quoted on ASX or to become permanently suspended from quotation prior to implementation of the Scheme unless KPP has agreed in writing;
- (o) **(update Scheme Booklet)** if it becomes aware of information after the date of despatch of the Scheme Booklet, that is material for disclosure to Spicers Shareholders in deciding whether to approve the Scheme Resolution or that is required to be disclosed to Spicers Shareholders under any applicable law (including any information that is necessary to ensure that the Scheme Booklet does not contain any material statement that is false or misleading in any material respect including because of any material omission from that statement), as expeditiously as practicable:
 - (i) inform Spicers Shareholders of the information in an appropriate and timely manner, and in accordance with applicable law;
 - (ii) if required, seek the Court's approval for the despatch of any updated or supplementary Scheme Booklet; and
 - (iii) to the extent it is reasonably practicable to do so, consult with KPP as to the content and presentation of any documents that it proposes to issue to Spicers Shareholders under this clause 6.1(o), provide KPP with a reasonable opportunity to review and comment on such documents before they are issued and consider in good faith any comments provided by or on behalf of KPP in a timely manner. To the extent that a supplementary disclosure relates to, includes or constitutes KPP Provided Information, it may only be made with KPP's prior written consent, not to be unreasonably withheld, conditioned or delayed;
- (p) **(section 411(17)(b) statement)** apply to ASIC for the production of statements in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (q) **(Court approval)** if the Scheme Resolution is passed by the requisite majorities of Spicers Shareholders under section 411(4)(a)(ii) of the Corporations Act, and it can be reasonably expected that all of the Conditions Precedent (except for the Condition Precedent in clause 3.1(e)) will be satisfied or waived prior to the Second Court Date, as soon as practicable after such time apply to the Court for orders approving the Scheme;
- (r) **(provide Spicers Register information)** as soon as practicable after the Record Date, and in any event at least 3 Business Days before the Implementation Date, give to KPP (or as it directs) details of the names, registered addresses and holdings of Scheme Shares of every Scheme Shareholder as shown in the Spicers Register as at the Record Date, in such form as KPP may reasonably require;
- (s) **(Financial Debt)** Spicers must procure that the Financial Debt as at 30 June 2019 is repaid on or before the Implementation Date. The parties acknowledge and agree that, despite any other provision in this Deed, the Financial Debt will remain in place up to and including the Implementation Date for the purposes of the conduct of the business and operations of the Spicers Group during the period up to and including the Implementation Date;
- (t) **(Transaction Costs)** Spicers must procure that the Transaction Costs as at the Implementation Date are fully paid on or before the Implementation Date;
- (u) **(implementation of the Scheme)** if the Court approves the Scheme:

- (i) lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act, as soon as possible after the Court makes those orders, and in any event by no later than 4pm on the first Business Day after the date on which the Court makes those orders or such other Business Day as Spicers and KPP may agree in writing;
 - (ii) use best endeavours to ensure that ASX suspends trading in Scheme Shares with effect from the close of trading on the Effective Date;
 - (iii) close the Spicers Register as at the Record Date and determine the identity of Scheme Shareholders and their entitlements to the Scheme Consideration in accordance with the Scheme and Deed Poll;
 - (iv) promptly execute, on behalf of all Scheme Shareholders, proper instruments of transfer of, and register all transfers of, the Scheme Shares to KPP in accordance with the Scheme; and
 - (v) promptly do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme and to effect the transfer of the Scheme Shares to KPP;
- (v) **(implementation of the Capital Returns)** if the Spicers Shareholders approve the Capital Returns, implement the Capital Returns in accordance with the Transaction Documents and the Corporations Act;
- (w) **(information)** provide all necessary information, and procure the share registry of Spicers provide all necessary information, in each case in a form reasonably requested by KPP, for the purposes of:
- (i) understanding the legal and beneficial ownership of Spicers Shares, and canvassing agreement to the Scheme by Spicers Shareholders (including the results of directions by Spicers to Spicers Shareholders under Part 6C.2 of the Corporations Act);
 - (ii) facilitating the provision by or on behalf of KPP of the Base Scheme Consideration; or
 - (iii) reviewing the tally of proxy appointments and directions received by Spicers prior to the Scheme Meeting.
- Spicers must comply with any reasonable request of KPP for Spicers to give directions to Spicers Shareholders pursuant to Part 6C.2 of the Corporations Act from time to time for one of the purposes referred to (i) or (ii) above;
- (x) **(representation)** allow, and not oppose, any application by KPP for leave of the Court to be represented by counsel at the Court hearings in relation to the Scheme;
 - (y) **(ASX listing)** use its best endeavours to ensure that the Scheme Shares continue to be quoted on ASX until the close of business on the Implementation Date;
 - (z) **(keep KPP informed)** from the First Court Date until the Implementation Date, promptly inform KPP if it becomes aware (or ought reasonably to have become aware, after making all reasonable and diligent enquiries) that the Scheme Booklet contains a statement that is or has become misleading or deceptive in a material respect or that contains a material omission; and
 - (aa) **(promote Transaction)** participate in efforts reasonably requested by KPP to promote the merits of the Transactions and the Scheme Consideration, including, where requested by KPP, meeting with key Spicers Shareholders.

6.2 KPP's obligations

KPP must take all steps reasonably necessary to assist Spicers to propose and implement the Scheme as soon as is reasonably practicable after the date of this Deed and otherwise substantially in accordance with the Timetable, and in particular KPP must:

- (a) **(provide information)** provide to Spicers the information referred to in clause 6.3(d);
- (b) **(preparation of Scheme Booklet)** provide assistance with the preparation of the Scheme Booklet in accordance with clause 6.3;
- (c) **(Independent Expert information)** provide all assistance and information reasonably requested by Spicers or by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) **(liaison with ASIC)** provide reasonable assistance to Spicers to assist Spicers to resolve any matter raised by ASIC regarding the Scheme Booklet or the Scheme during its review of the Scheme Booklet;
- (e) **(Regulatory Approvals)** in relation to the Regulatory Approvals, lodge with any regulatory authority within the relevant time periods all documentation and filings required by law to be so lodged by KPP in relation to the Transactions;
- (f) **(compliance)** do everything reasonably within its power to ensure that the Transactions are effected in accordance with all applicable laws and regulations;
- (g) **(approval of Scheme Booklet)** as soon as practicable after ASIC has provided its indication of intent in accordance with clause 6.1(e), convene a meeting of the KPP Board or other appropriate Representatives of KPP to approve those sections of the Scheme Booklet that comprise the KPP Provided Information as being in a form appropriate for despatch to Spicers Shareholders (and provide Spicers with confirmation of such approval as soon as practicable following such meeting);
- (h) **(keep Spicers informed)** from the First Court Date until the Implementation Date, promptly inform Spicers if it becomes aware that the KPP Provided Information contains a statement that, in the form and context in which it appears in the Scheme Booklet, is or has become misleading or deceptive in any material respect or that contains any material omission, and provide such further or new information as is required to ensure that such information is no longer misleading or deceptive in any material respect or does not contain any material omission;
- (i) **(Court representation)** procure that, if requested by Spicers, it is represented by counsel at the Court hearings convened in connection with the Scheme, at which, through its counsel and if requested by the Court, KPP will undertake to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this Deed and the Scheme;
- (j) **(Deed Poll)** prior to the First Court Date, execute the Deed Poll;
- (k) **(share transfer)** if the Court approves the Scheme, accept a transfer of the Scheme Shares and promptly execute proper instruments of transfer of the Scheme Shares to KPP in accordance with the Scheme;
- (l) **(Scheme Consideration)** if the Scheme becomes Effective, provide, or procure the provision of, the Scheme Consideration in accordance with the Transaction Documents;
- (m) **(Spicers Provided Information)** during the period until the Spicers Provided Information becomes publicly available, only use the Spicers Provided Information with the prior written consent of Spicers (not to be unreasonably withheld); and

- (n) **(promote Transaction)** participate in efforts reasonably requested by Spicers to promote the merits of the Transactions and the Scheme Consideration, including, where requested by Spicers, meeting with key Spicers Shareholders.

6.3 Preparation of Scheme Booklet

- (a) **(Spicers to prepare)** Subject to KPP complying with its obligations under clause 6.3(d), Spicers must prepare the Scheme Booklet as soon as is reasonably practicable after the date of this Deed and otherwise substantially in accordance with the Timetable.
- (b) **(Compliance requirements)** Spicers must ensure that the Scheme Booklet complies with the requirements of the Corporations Act, the ASX Listing Rules and all ASIC Regulatory Guides applicable to members' schemes of arrangement under Part 5.1 of the Corporations Act, except that the obligation to do so in respect of the KPP Provided Information is subject to KPP complying with its obligations under clauses 6.3(d) and the representations and warranties given in item 1.8 of Schedule 5.
- (c) **(Content of Scheme Booklet)** Without limiting clause 6.3(b), Spicers must ensure that the Scheme Booklet includes or is accompanied by:
 - (i) the Scheme;
 - (ii) the Notice of Meeting;
 - (iii) a copy of this Deed (without the Schedules) or a summary of it;
 - (iv) a copy of the executed Deed Poll;
 - (v) the Independent Expert's Report;
 - (vi) a statement that the Spicers Board unanimously considers the Scheme to be in the best interests of Spicers Shareholders and recommends that Spicers Shareholders approve the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Spicers Shareholders, unless prior to the issue of the Scheme Booklet the Spicers Board has changed or withdrawn those statements and recommendations in accordance with clause 8.1;
 - (vii) a statement that each Spicers Director who is able to control voting rights in relation to Scheme Shares intends to vote those Scheme Shares, or procure that those Scheme Shares are voted, in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Spicers Shareholders, unless prior to the issue of the Scheme Booklet the Spicers Director has changed his or her voting intention in accordance with clause 8.2; and
 - (viii) a statement that Spicers is responsible for the Spicers Provided Information contained in the Scheme Booklet and that KPP is responsible for the KPP Provided Information in the Scheme Booklet.
- (d) **(KPP Provided Information)** KPP must provide the KPP Provided Information to Spicers as soon as is reasonably practicable after the date of this Deed and otherwise substantially in accordance with the Timetable, in a form that includes all information regarding the KPP Group that is required by the Corporations Act, the ASX Listing Rules and all ASIC Regulatory Guides applicable to members' schemes of arrangement under Part 5.1 of the Corporations Act, including all the information that would be required under sections 636(1)(c), (f), (g), (h), (i), (k)(ii), (l) and (m) of the Corporations Act to be included in a bidder's statement if KPP were offering the Base Scheme Consideration as

consideration under a takeover bid, and must provide to Spicers such assistance as Spicers may reasonably require in order to adapt such information for inclusion in the Scheme Booklet.

- (e) **(Review by KPP)** Spicers must:
 - (i) make available to KPP reasonably advanced drafts of the Scheme Booklet for the purpose of providing KPP with a reasonable opportunity to review and comment on those draft documents (including any draft of the Independent Expert's Report, but excluding those sections containing the Independent Expert's opinions or conclusions);
 - (ii) consult with KPP in relation to the content and presentation of those drafts (including the inclusion of any KPP Provided Information and any information solely derived from, or prepared solely in reliance on, the KPP Provided Information), and (acting reasonably and in good faith) take into account, for the purpose of amending those drafts, any comments from KPP and its Representatives on those drafts; and
 - (iii) provide to KPP a revised draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised to provide a reasonable opportunity to KPP to review the Regulator's Draft before the date of its submission.
- (f) **(Dispute as to Scheme Booklet)** If, after a reasonable period of consultation and compliance by Spicers with its obligations under clauses 6.3(e), KPP and Spicers, acting reasonably and in good faith, are unable to agree on the form or content of the Scheme Booklet, then:
 - (i) if the disagreement relates to the form or content of the KPP Provided Information (or any information solely derived from, or prepared solely in reliance on, the KPP Provided Information), KPP will, acting in good faith, decide the final form or content of that information in the Scheme Booklet; and
 - (ii) if the disagreement relates to the form or content of the Spicers Provided Information, Spicers will, acting in good faith, decide the final form or content of that information in the Scheme Booklet.
- (g) **(Consent of KPP)** Without limiting clause 6.3(f), Spicers must obtain written consent from KPP in relation to the form and context in which any KPP Provided Information (and any information solely derived from, or prepared solely in reliance on, the KPP Provided Information) is used, such consent not to be unreasonably withheld, conditioned or delayed by KPP.
- (h) **(Verification)** Spicers must undertake appropriate verification processes in relation to the Spicers Provided Information included in the Scheme Booklet, and KPP must undertake appropriate verification processes in relation to the KPP Provided Information included in the Scheme Booklet.

6.4 Spicers Board changes

On the Implementation Date, after the Base Scheme Consideration has been despatched to Scheme Shareholders in accordance with the Transaction Documents, Spicers must use its best endeavours to:

- (a) take all action necessary to procure that any Spicers Director designated by KPP in writing, and any director of any Subsidiary of Spicers designated by KPP in writing:
 - (i) resigns their office; and

- (ii) without limitation to any indemnity in place between the Spicers Director and Spicers or those Subsidiaries, acknowledges that they have no claims against Spicers or those Subsidiaries, or otherwise unconditionally and irrevocably releases Spicers and its relevant Subsidiaries from any claims they may have had against Spicers or those Subsidiaries; and
- (b) cause the appointment to the Spicers Board and to the boards of each of its Subsidiaries of such persons as nominated by KPP, subject to those persons having provided a consent to act as directors of the relevant company or companies.

7 Conduct of Business and Requests for Access

7.1 Conduct of Spicers business

During the period from the date of this Deed up to and including the Implementation Date, Spicers must:

- (a) procure that the Spicers Group conducts its business and operations (including its management of the working capital of the Spicers Group) in the ordinary course and substantially consistent (subject to any applicable laws, regulations and Regulatory Approvals) with the manner in which each such business and operation has been conducted in the period prior to the date of this Deed;
- (b) to the extent consistent with that obligation, use its best endeavours to preserve intact the Spicers Group's current business organisation, to keep available the services of the current Officers of it and the other Spicers Group Members, and to preserve the Spicers Group's relationship with Governmental Agencies, ratings agencies, customers, suppliers, licensors, licensees and others having business dealings with it;
- (c) provide regular reports on the financial affairs of the Spicers Group, including the provision of Spicers Group's monthly management accounts (which include its cash flow, working capital position and capital expenditure and associated commentary), in a timely manner to KPP;
- (d) provide, in a timely manner in connection with Spicers' monthly management accounts reporting, details prepared using the same policies and procedures as have been applied in historical periods and in the calculation of the Net Working Capital Target which shows the components of Net Working Capital for the relevant month-end;
- (e) procure that neither Spicers nor any Subsidiary of Spicers:
 - (i) disposes, or agrees to dispose, of shares in a Related Body Corporate of Spicers;
 - (ii) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would reasonably be likely to involve a material change in:
 - (A) the manner in which the Spicers Group conducts its business;
 - (B) the nature (including balance sheet classification), extent or value of the assets of the Spicers Group; or
 - (C) the nature (including balance sheet classification), extent or value of the liabilities of the Spicers Group;
 - (iii) enters into a contract or commitment restraining a Spicers Group Member from competing with any person or conducting activities in any market;

- (iv) commences business activities not already carried out as at the date of this Deed, whether by way of acquisition or otherwise;
- (v) acquires, leases or disposes of, or agrees to acquire, lease or dispose of any entity, business or assets, other than:
 - (A) trading inventories and consumables in the ordinary and usual course of business; or
 - (B) as legally committed in any contract fairly disclosed to KPP in the Spicers Disclosed Information,

where the value of such entity, business or assets, or the amount involved in the relevant transaction, exceeds \$250,000 (either individually or, in the case of related businesses or classes of assets or a series of related transactions, collectively);
- (vi) other than as legally committed in any contract fairly disclosed to KPP in the Spicers Disclosed Information, enters into any contract or commitment (or any series of related contracts or commitments) that:
 - (A) is for a period of one year or more; or
 - (B) requires or may result in expenditure by Spicers (either alone or together with any Subsidiary of Spicers) of \$250,000 or more in any year,

or undertakes capital expenditure in excess of \$250,000;
- (vii) waives any material third party default where the financial impact on the Spicers Group will be in excess of \$350,000 (individually or in aggregate);
- (viii) accepts as a compromise of a matter less than the full compensation due to a Spicers Group Member where the financial impact of the compromise on the Spicers Group is more than \$350,000 (individually or in aggregate);
- (ix) enters into, or resolves to enter into, a transaction with any related party of Spicers (other than a related party which is a Spicers Group Member), as defined in section 228 of the Corporations Act;
- (x) incurs any financial indebtedness or issues any indebtedness or debt securities, other than in the ordinary course of business or pursuant to advances under its credit facilities in existence as at the date of this Deed;
- (xi) makes any loans, advances or capital contributions to, or investments in, any other person, other than to or in Spicers or any Wholly Owned Subsidiary of Spicers in the ordinary course of business, or otherwise in the ordinary course of business;
- (xii) makes any change to its constitution;
- (xiii) amends the terms of the Spicers Plan Rules;
- (xiv) agrees to pay, declares, pays or makes, or incurs a liability to pay or make, a dividend or any other form of distribution of profits or capital other than in connection with the Capital Returns;
- (xv) appoints any employee or contractor receiving total remuneration in excess of \$250,000;
- (xvi) enters into or materially alters, varies or amends any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerates or otherwise materially

increases compensation or benefits for any of the above, in each case other than pursuant to:

- (A) contractual arrangements in effect on the date of this Deed and which are fairly disclosed in the Spicers Disclosed Information; or
- (B) Spicers' policies and guidelines in effect on the date of this Deed and which are fairly disclosed in the Spicers Disclosed Information,

where the aggregate of all such increases in compensation or benefits is greater than \$350,000;

- (xvii) pays any of its officers, directors, other executives or employees a termination or retention payment, other than in accordance with contractual arrangements in effect on the date of this Deed and which are fairly disclosed in the Spicers Disclosed Information;
- (xviii) enters into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this Deed and which are fairly disclosed in the Spicers Disclosed Information; or
- (xix) does anything that would result in a change in the Spicers' Tax Consolidated Group,

except to the extent:

- (f) required to be done or procured by Spicers pursuant to, or that is otherwise permitted by, or otherwise in connection with, the Transaction Documents or Capital Returns (including, for the avoidance of doubt, in connection with the sale of the Singapore Property or the Tasmanian Properties);
- (g) where the undertaking has been fairly disclosed in the Spicers Disclosed Information or in an announcement made by Spicers to ASX in the 12 months prior to the date of this Deed;
- (h) arising from the engagement by Spicers of third party Advisers in connection with the proposed acquisition of Spicers by a third party (including KPP), including reasonable costs of such Advisers in advising on such a transaction and in connection with any Takeovers Panel or other legal proceedings;
- (i) in connection with the payment of amounts to Spicers Directors permitted to be made in accordance with the constitution of Spicers; or
- (j) the undertaking of which KPP has approved in writing, such approval not to be unreasonably withheld, conditioned or delayed.

7.2 Sale of Singapore Property and Tasmanian Properties

During the period from the date of this Deed up to and including the Implementation Date, Spicers must:

- (a) procure that any sale agreement entered into by a Spicers Group Member for the sale of the Singapore Property or Tasmanian Properties:
 - (i) is on arm's length commercial terms; and
 - (ii) does not contain any material provisions which are onerous or unusual for sale agreements of that nature; and
- (b) use its best endeavours to procure that such sale agreement minimises any residual liabilities of, and any potential claims against, the relevant Spicers Group Member.

7.3 Access to information and co-operation

- (a) **(Provision of access and information)** During the period from the date of this Deed up to and including the Implementation Date, Spicers must, and must procure each of its Subsidiaries to, respond to reasonable requests from KPP and its Representatives at reasonable times during business hours for information concerning the Spicers Group businesses and operations, and give KPP and its Representatives reasonable access to its Officers and records, and otherwise provide reasonable co-operation to KPP and its Representatives, in each case for the purposes of:
- (i) the implementation of the Scheme and the Capital Returns;
 - (ii) the integration of the Spicers Group and the KPP Group following the implementation of the Scheme; or
 - (iii) any other purpose that is agreed in writing between the parties,
- subject to the proper performance by the directors and officers of Spicers and its Subsidiaries of their fiduciary duties and other than information fairly disclosed in the Spicers Disclosed Information.
- (b) **(Consultation with KPP)** Without limiting clause 7.3(a), during the period from the date of this Deed up to and including the Implementation Date, Spicers must reasonably consult with KPP, on a regular and ongoing basis, in relation to the conduct of material aspects of the Spicers Group businesses and operations, and consider in good faith KPP's views in relation to the same.
- (c) **(Limits on Spicers obligations)** Without limiting the representations and warranties given in items 1.12 and 1.13 of Schedule 6, the obligations in clauses 7.1(c), 7.3(a) and 7.3(b) do not require Spicers to:
- (i) provide information to KPP concerning the Spicers Directors' and management's consideration of the Scheme;
 - (ii) provide any commercially sensitive or competitive information;
 - (iii) breach an obligation to any person (including any confidentiality obligations); or
 - (iv) unreasonably disrupt or impact the Spicers Group's commercial operations,
- and, for the avoidance of doubt, nothing in those clauses entitles either party to terminate this Deed or to claim damages for breach of contract in the event that they are not satisfied.
- (d) **(Confidentiality)** The parties acknowledge that all information that is provided pursuant to this clause 7.3 will be provided subject to the terms of the Confidentiality Deed.

7.4 Change of Control

- (a) As soon as practicable after the date of this Deed, Spicers and KPP must seek to identify any change of control or similar provisions in any material leases and contracts to which a Spicers Group Member is a party which may be triggered by implementation of the Transactions (**Change of Control Contract**).
- (b) In respect of each Change of Control Contract, Spicers and KPP will:
- (i) use reasonable endeavours to agree a proposed course of action with respect to obtaining from each counterparty to the Change of Control Contract the consents and approvals required under the Change of Control Contract in relation to the implementation of the Transactions (**Counterparty Consent**); and

- (ii) jointly initiate contact with each of the relevant counterparties to the Change of Control Contract and request that each such counterparty provide the required Counterparty Consent.
- (c) Spicers must cooperate with, and provide reasonable assistance to, KPP to obtain any required Counterparty Consent as expeditiously as possible, including by:
 - (i) promptly providing any information reasonably required by any counterparty to a Change of Control Contract; and
 - (ii) making available any Representative of a Spicers Group Member, where necessary, to meet with any counterparty to a Change of Control Contract to deal with issues arising in relation to the change of control of Spicers (or, indirectly, any other Spicers Group Member), the implementation of the Transactions and obtaining any required Counterparty Consent.
- (d) Spicers and KPP acknowledge and agree that a failure by a Spicers Group Member to obtain any Counterparty Consent in relation to a Change of Control Contract will not in constitute a breach of this Deed by Spicers.

7.5 W&I Policy (Spicers)

- (a) With effect from the execution of this Deed, Spicers irrevocably appoints KPP as its agent to purchase a sale-side policy of warranty and indemnity insurance in respect of claims under the Asian Operations Sale Agreement (**W&I Policy (Spicers)**).
- (b) In respect of the purchase of the W&I Policy (Spicers):
 - (i) Spicers must cooperate with KPP and provide all reasonable assistance requested by KPP in connection with the purchase of the W&I Policy (Spicers), including:
 - (A) arranging for management to be available to respond to any queries and responding in writing to any written queries from KPP, the insurance broker engaged by KPP or any underwriter of the W&I Policy (Spicers);
 - (B) attending all underwriting or pre-underwriting calls requested by the underwriter of the W&I Policy (Spicers); and
 - (C) providing data room access to the documents made available to the purchaser during the process for the Asian Operations Sale to KPP, the insurance broker engaged by KPP, any underwriter of the W&I Policy (KPP), or any of their respective Advisers (in each case as and when requested by KPP);
 - (ii) KPP must keep Spicers promptly informed of the progress of negotiations regarding the W&I Policy (Spicers) and respond to reasonable requests for information from Spicers regarding the W&I Policy (Spicers); and
 - (iii) KPP must pay on behalf of Spicers the cost of the W&I Policy (Spicers), including all costs associated with procuring and maintaining the W&I Policy (Spicers).
- (c) Should KPP pay Spicers the cost of the W&I Policy (Spicers) as contemplated under clause 7.5(b)(iii) and the Scheme is not implemented as a result of the Conditions Precedent in clauses 3.1(b) or 3.1(d) not being satisfied or waived then, to the extent that Spicers benefits from a claim under the W&I Policy (Spicers), Spicers must promptly reimburse KPP an amount equal to the benefit received, up to the amount of the cost of the W&I Policy (Spicers).

7.6 W&I Policy (KPP)

- (a) Spicers acknowledges that KPP intends to purchase the W&I Policy (KPP).
- (b) In respect of the purchase of the W&I Policy (KPP), Spicers must cooperate with KPP and provide all reasonable assistance requested by KPP in connection with the purchase of the W&I Policy (KPP), including:
 - (i) arranging for management to be available to respond to any queries and responding in writing to any written queries from KPP, the insurance broker engaged by KPP or any underwriter of the W&I Policy (KPP); and
 - (ii) providing access to the Spicers Data Room to the insurance broker engaged by KPP, any underwriter of the W&I Policy (KPP), or any of their respective Advisers (in each case as and when requested by KPP).

7.7 KPP acknowledgement

KPP acknowledges and agrees that:

- (a) nothing in clause 7.5 or clause 7.6 requires Spicers to maintain the W&I Policy (Spicers) in circumstances where the Scheme is not implemented. Where Spicers cancels the W&I Policy (Spicers) in such circumstances, Spicers will reimburse KPP an amount equal to the amount of any refund received by Spicers from the underwriter of the W&I Policy (Spicers) for the cancellation of the W&I Policy (Spicers); and
- (b) despite any other provision in this Deed, any failure (for whatever reason) to obtain the W&I Policy (Spicers) or the W&I Policy (KPP), or to obtain the W&I Policy (Spicers) or the W&I Policy (KPP) on terms acceptable to KPP, does not give rise to any right of KPP to terminate this Deed.

8 Spicers Board Recommendations and Intentions

8.1 Spicers Board recommendation

- (a) The Agreed Public Announcement to be issued by Spicers immediately after the Announcement Date must state (on the basis of written statements or resolutions made by each of the Spicers Directors) that the Spicers Board unanimously considers the Scheme to be in the best interests of Spicers Shareholders and recommends that Spicers Shareholders approve the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Spicers Shareholders.
- (b) Spicers must use its best endeavours to procure that the Spicers Board collectively, and each Spicers Director individually (where applicable), prior to the Second Court Date:
 - (i) does not change or withdraw the statements and recommendations set out in the Agreed Public Announcement;
 - (ii) in the Scheme Booklet, states that the Spicers Board unanimously considers the Scheme to be in the best interests of Spicers Shareholders and recommends that Spicers Shareholders approve the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Spicers Shareholders, and does not change, withdraw or modify those statements or recommendations once made; and
 - (iii) does not make any public statement or any statement to brokers, analysts, journalists, Spicers Shareholders or professional or institutional investors to the

effect, or take any other action that suggests, that the Scheme is no longer so considered or recommended,

unless:

- (iv) either:
 - (A) the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Spicers Shareholders (including in any update to its report); or
 - (B) there is a Superior Proposal;
- (v) a majority of the Spicers Board, having received written legal advice from its external legal advisers, has determined that failure to take such action would likely be inconsistent with the fiduciary or statutory duties owed by the Spicers Directors; and
- (vi) Spicers has complied with its obligations under clause 12.

8.2 Spicers Director intentions

- (a) The Agreed Public Announcement to be issued by Spicers immediately after the Announcement Date, and the Scheme Booklet despatched to Spicers Shareholders, must state (on the basis of written statements or resolutions made by each of the relevant Spicers Directors) that each Spicers Director who holds Spicers Shares, or who has control over voting rights attaching to Spicers Shares, intends to vote in favour of the Scheme, or procure that the Spicers Shares the voting rights of which the Spicers Director has control over are voted in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Spicers Shareholders.
- (b) Spicers must use its best endeavours to ensure that each Spicers Director who holds Spicers Shares, or who has control over voting rights attaching to Spicers Shares:
 - (i) intends to vote in favour of the Scheme Resolution, or procure that the Spicers Shares the voting rights of which the Spicers Director has control over are voted in favour of the Scheme Resolution; and
 - (ii) does not change that voting intention,
 unless:
 - (iii) either:
 - (A) the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Spicers Shareholders (including in any update to its report); or
 - (B) there is a Superior Proposal; and
 - (iv) the applicable Spicers Director, after having received written legal advice from its legal adviser, has determined that failure to take such action would likely be inconsistent with the fiduciary or statutory duties owed by the Spicers Director.

9 Public Announcement and Confidentiality

9.1 Agreed Public Announcement on Announcement Date

On the Announcement Date, Spicers must release the Agreed Public Announcement, which has attached to it a copy of this Deed.

9.2 Required announcement

Where a party is required by applicable law, the ASX Listing Rules, Tokyo Stock Exchange rules and regulations or any other applicable financial market regulation (each a **Disclosure Requirement**) to make any announcement or to make any disclosure in connection with this Deed, the Scheme or any transactions contemplated by this Deed or the Scheme, it may do so but must use reasonable endeavours, to the extent practicable and lawful, to consult with the other party before making the relevant disclosure and must give the other party as much notice as is reasonably practicable in the context of any deadline imposed by the relevant Disclosure Requirement. Nothing in this clause 9.2 requires the giving of prior notice or the taking of action if to do so would lead to a party breaching a Disclosure Requirement.

9.3 Confidentiality Deed

The parties acknowledge and agree that:

- (a) they continue to be bound by the Confidentiality Deed after the date of this Deed save that the terms of this Deed will prevail over the Confidentiality Deed to the extent of any inconsistency; and
- (b) the rights and obligations of the parties under the Confidentiality Deed survive termination of this Deed.

10 Representations and Warranties

10.1 KPP Representations and Warranties

KPP represents and warrants to Spicers (on its own behalf and separately as trustee for each of the Spicers Indemnified Parties) that each KPP Representation and Warranty is true and correct.

10.2 Spicers Representations and Warranties

- (a) Subject to clause 10.2(b), Spicers represents and warrants to KPP (on its own behalf and separately as trustee for each of the KPP Indemnified Parties) that each Spicers Representation and Warranty is true and correct.
- (b) KPP acknowledges and agrees that the representations and warranties given by Spicers under this Deed are given subject to those matters which are:
 - (i) required to be undertaken or procured by the Spicers Group pursuant to, or as expressly contemplated by, the Transaction Documents;
 - (ii) fairly disclosed in the Spicers Disclosed Information;
 - (iii) where the representation or warranty prescribes a time period longer than 2 years, fairly disclosed by Spicers in an announcement made by Spicers to ASX during that longer time period; or
 - (iv) as agreed to in writing by KPP.
- (c) Notwithstanding any provision to the contrary in this Deed:
 - (i) KPP agrees that it will not be entitled to make, and that it will not make, and irrevocably waives any right it may have to make, any Warranty or Indemnity Claim, except to the extent required to permit a Claim under the W&I Policy (KPP) (if any) and then only on the basis that Spicers will have no liability whatsoever for such Claim;
 - (ii) KPP covenants in favour of Spicers that, prior to the Scheme becoming Effective and subject to KPP taking out the W&I Policy (KPP), it will:

- (A) not do anything which causes any right of the insured under the W&I Policy (KPP) not to have full force and effect upon its terms;
 - (B) not novate or assign its rights under the W&I Policy (KPP) other than where permitted by the terms of the W&I Policy (KPP); and
 - (C) comply with the terms of the W&I Policy (KPP) relating to deliverables required to satisfy conditions in the W&I Policy (KPP);
- (iii) KPP will ensure that the W&I Policy (KPP) and the W&I Policy (Spicers) include terms to the effect that:
 - (A) the insurer irrevocably waives its rights to bring any claim against any Spicers Group Member or any Officer, employee or Adviser of any Spicers Group Member (each a **Spicers Party**); and
 - (B) KPP acknowledges that each Spicers Party is entitled to directly enforce such waivers and in respect of the waivers Spicers contracts in its own right and as agent of each Spicers Party;
- (iv) KPP acknowledges and agrees that:
 - (A) there is no excess or any other amount payable by any Spicers Party under the W&I Policy (KPP) (if any);
 - (B) sub-paragraph (i) above applies notwithstanding whether or not it takes out the W&I Policy (KPP); and
 - (C) in the event that it does take out the W&I Policy (KPP), it will promptly provide Spicers with a copy of such policy; and
- (v) Spicers acknowledges and agrees that:
 - (A) KPP is under no obligation to take out the W&I Policy (KPP); and
 - (B) if KPP takes out the W&I Policy (KPP) and provides a copy of such policy to it, it shall keep the terms of such policy confidential in accordance with the Confidentiality Deed.

10.3 Tax indemnity

Subject to clause 10.2(c), Spicers indemnifies KPP against, and must pay KPP on demand the amount of any losses, liabilities, damages, costs, charges or expenses attributable to:

- (a) Tax or Duty payable by a Spicers Group Member (whether payable before, on or after implementation of the Scheme) as a result of a Tax Demand to the extent that such Tax or Duty relates to:
 - (i) any period, or part period, up to and including the Implementation Date; or
 - (ii) any act, transaction, event or omission, or any misstatement, executed, performed or made prior to the Implementation Date,
 excluding any Duty payable by KPP under clause 16.9;
- (b) the loss or limitation, including any reduction in the rate of use, of any tax attributes of the Spicers Group at the Implementation Date due to prior changes in the control or ownership of the Spicers Group; or
- (c) Tax Costs incurred by or on behalf of a Spicers Group Member to the extent that such Tax Costs arise from or relate to any of the matters for which Spicers may be liable under paragraphs (a) or (b) above,

in each case except to the extent that Spicer's liability is limited or qualified under clause 10.2.

10.4 Timing of representations and warranties

Each representation and warranty made or given under clause 10.1 or 10.2 is given at the date of this Deed and repeated continuously thereafter until 8am on the Second Court Date unless that representation or warranty is expressed to be given at a particular time, in which case it is given at that time.

10.5 Reliance by parties

Each party (**Representor**) acknowledges that:

- (a) in entering into this Deed the other party has relied on the representations and warranties provided by the Representor under this clause 10;
- (b) any breach of the representations and warranties provided by the Representor under this clause 10 after the Scheme becomes Effective may only give rise to a claim in damages and cannot result in a termination of this Deed; and
- (c) it has not entered into this Deed in reliance on any warranty or representation made by or on behalf of the other party except those warranties and representations set out in this Deed. This acknowledgment does not prejudice the rights any party may have in relation to the Spicers Provided Information, the Spicers Disclosed Information, the KPP Provided Information or any information filed by the other party with ASX or ASIC.

10.6 Notifications

Each party will promptly advise the other party in writing if it becomes aware of any fact, matter or circumstance that makes any of the representations or warranties given by it under this clause 10 false, inaccurate, misleading or deceptive in any respect.

10.7 Status of representations and warranties

Each representation and warranty in this clause 10:

- (a) is severable;
- (b) will survive the termination of this Deed; and
- (c) is given with the intent that liability under it will not be confined to breaches that are discovered prior to the date of termination of this Deed.

11 Indemnities and Releases

11.1 Indemnities and releases by Spicers

- (a) Subject to section 199A of the Corporations Act, Spicers agrees with KPP to indemnify and keep indemnified the KPP Indemnified Parties from and against any Claim, damage, loss, liability, cost, expense or payment of whatever nature and however arising that any of the KPP Indemnified Parties may suffer, incur or be liable for arising by reason of any breach of any of the representations and warranties of Spicers in clause 10.2.
- (b) To the fullest extent permitted by law, Spicers releases its rights against, and agrees with KPP that it will not make a claim against, any KPP Indemnified Party (other than KPP) in connection with:
 - (i) any breach of any representation, covenant or warranty of KPP in this Deed; or
 - (ii) any disclosure made by any KPP Indemnified Party that contains any statement that is false or misleading whether in content or by omission,

except to the extent the relevant KPP Indemnified Party has not acted in good faith, has acted fraudulently, has acted without taking reasonable care or has engaged in wilful misconduct.

11.2 Indemnities and releases by KPP

- (a) Subject to section 199A of the Corporations Act, KPP agrees with Spicers to indemnify and keep indemnified the Spicers Indemnified Parties from and against any Claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that any of the Spicers Indemnified Parties may suffer, incur or be liable for arising by reason of any breach of any of the representations and warranties of KPP in clause 10.1.
- (b) To the fullest extent permitted by law, KPP releases its rights against, and agrees with Spicers that it will not make a claim against, any Spicers Indemnified Party (other than Spicers) in connection with:
 - (i) any breach of any representation, covenant or warranty of Spicers in this Deed; or
 - (ii) any disclosure made by any Spicers Indemnified Party that contains any statement that is false or misleading whether in content or by omission,

except to the extent the relevant Spicers Indemnified Party has not acted in good faith, has acted fraudulently, has acted without taking reasonable care or has engaged in wilful misconduct.

11.3 Survival of indemnities and releases

Each indemnity and release in clauses 11.1 and 11.2 will:

- (a) be severable;
- (b) be a continuing obligation;
- (c) constitute a separate and independent obligation of the party giving the indemnity or release from any other obligations of that party under this Deed; and
- (d) survive the termination of this Deed.

11.4 Enforcement of indemnities

- (a) The indemnities and releases in clause 11.1 are given to KPP, for itself and as trustee for each of the other KPP Indemnified Parties.
- (b) The indemnities and releases in clause 11.2 are given to Spicers, for itself and as trustee for each of the other Spicers Indemnified Parties.
- (c) It is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred by clause 11.1 or 11.2.

11.5 Deeds of indemnity and insurance

- (a) Subject to the Scheme becoming Effective and the Transactions completing, KPP undertakes in favour of Spicers and each other person who is a Spicers Indemnified Party that it will:
 - (i) for a period of seven years from the Implementation Date, ensure that the constitutions of Spicers and each other Spicers Group Member continue to contain such rules as are contained in those constitutions at the date of this Deed that provide for each Spicers Group Member to indemnify each of its current and previous directors and officers against any liability incurred by that person in his

or her capacity as a director or officer of the company to any person other than a Spicers Group Member; and

- (ii) procure that Spicers and each Spicers Group Member complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and, without limiting the foregoing, ensure that directors' and officers' run-off insurance cover for such directors and officers is maintained, for a period of seven years from the retirement date of each director and officer.
- (b) KPP acknowledges that notwithstanding any other provision of this Deed, Spicers may, prior to the Implementation Date, enter into arrangements to secure directors' and officers' run-off insurance for up to such seven year period, and that any actions to facilitate that insurance or in connection with such insurance will not be a breach any provision of this Deed. The undertakings contained in clause 11.5(a) are subject to any Corporations Act restriction and will be read down accordingly.
- (c) Spicers receives and holds the benefit of clause 11.5(a), to the extent it relates to the other Spicers Indemnified Parties as trustee for them.
- (d) The undertakings contained in clause 11.5(a) are given until the earlier of the end of the relevant period specified in clause 11.5(a) or the relevant Spicers Group Member ceasing to be part of the Spicers Group.

12 Exclusivity

12.1 Termination of existing discussions

Spicers represents and warrants that, as at the time of execution of this Deed, neither it nor any Spicers Group Member is in any negotiations or discussions, and all Spicers Group Members have ceased any negotiations or discussions existing at the date of this Deed, in respect of:

- (a) any actual, proposed or potential Competing Proposal with any person (other than, for the avoidance of doubt, the discussions with KPP and its Representatives in respect of the Scheme and the Transactions); or
- (b) any transaction that would, or would reasonably be expected to, reduce the likelihood of success of the Transactions.

12.2 Restrictions

During the Exclusivity Period, Spicers must not, and must ensure that each of its Representatives does not, except with the prior written consent of KPP:

- (a) **(no shop)** directly or indirectly solicit, invite, encourage, initiate or participate in or continue any inquiry, expression of interest, offer, proposal, negotiations or discussions by or with any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal, or negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal, or communicate to any person an intention to do anything referred to in this clause 12.2(a); or
- (b) **(no talk)** subject to clause 12.3:
 - (i) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any Third Party to make, or which would reasonably be expected to encourage or lead to the

making of, an actual, proposed or potential Competing Proposal, or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;

- (ii) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal; or
- (iii) communicate any intention to do any of the things described in this clause 12.2(b); or
- (c) **(no due diligence)** subject to clause 12.3, directly or indirectly disclose, provide or otherwise make available to any Third Party (other than to a Governmental Agency where required by law), or permit any such person to receive, any non-public information relating to Spicers or any Spicers Group Member in connection with, with a view to obtaining, or which could reasonably be expected to lead to, the formulation, development, finalisation or announcement of an actual, proposed or potential Competing Proposal (whether by that Third Party or another person), including providing such information for the purposes of the conduct of due diligence investigations in respect of Spicers or any Spicers Group Member.

12.3 Fiduciary exception

The restrictions and obligations in clauses 12.2(b) and clause 12.2(c) do not prevent Spicers from responding to a bona fide Competing Proposal (which was not solicited, invited, encouraged or initiated in breach of clause 12.2(a)) or facilitating the conduct of due diligence by a Third Party, provided that Spicer's Board has first determined, in good faith, after receiving written advice from its legal advisers, that failing to respond to such a bona fide Competing Proposal would reasonably be expected to constitute a breach of their fiduciary or statutory duties or obligations, provided that Spicers immediately informs KPP of each action or inaction by it, or any of its Representatives, in reliance on this clause 12.3.

12.4 Notification by Spicers

- (a) During the Exclusivity Period, Spicers must as soon as possible (and in any event no later than 24 hours after becoming aware of such information) notify KPP if it or any of its Representatives is, or becomes aware of any proposal made to Spicers or any of its Representatives, or of any negotiations or discussions, approach or attempt to initiate any negotiations or discussions, in connection with, or in respect of, any exploration or completion of, an actual, proposed or potential Competing Proposal (whether direct or indirect, solicited or unsolicited, subject to any pre-conditions, and in writing or otherwise and whether or not legally binding).
- (b) A notification under clause 12.4(a) must include the identity of the relevant person or persons involved in the actual, proposed or potential Competing Proposal (as applicable), together with all material terms and conditions of the actual, proposed, or potential Competing Proposal.

12.5 Response to Competing Proposal

Without limiting clause 12.2 during the Exclusivity Period, Spicers:

- (a) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which one or more of a Third Party, Spicers or a Spicers Group Member proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal; and

- (b) must procure that none of its directors withdraw or change the statements and recommendations attributed to them and set out in the Agreed Public Announcement, publicly recommend an actual, proposed or potential Competing Proposal (or recommend against the Transactions) or make any public statement to the effect that they may do so at a future point,

unless:

- (c) the Spicers Board, acting in good faith and in order to satisfy what the Spicers Directors consider to be their statutory or fiduciary duties (having received written legal advice from its external legal advisers) determines that the Competing Proposal would be reasonably likely to be an actual, proposed or potential Superior Proposal;
- (d) Spicers has complied with its notification obligations under clause 12.4;
- (e) five Business Days' have elapsed after the date on which the notification was given under clause 12.4, during which time KPP will have the right to offer to amend the terms of the Scheme or the Transactions or submit a new legally binding proposal in writing to Spicers so that the terms of the Scheme or the Transactions (as amended), or new proposal (as applicable) would provide a matching or superior outcome for the Spicers Shareholders as compared to the terms of the actual, proposed or potential Competing Proposal (a **KPP Counterproposal**); and
- (f) KPP has not announced or otherwise formally proposed to Spicers a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the five Business Day period in clause 12.5(e).

12.6 Assessment of KPP Counterproposal

If KPP makes a KPP Counterproposal in accordance with clause 12.5(e), Spicers must procure that the Spicers Board considers any such KPP Counterproposal and if the Spicers Board, acting in good faith, determines that:

- (a) the KPP Counterproposal would provide a matching or superior outcome for the Spicers Shareholders as a whole compared with the applicable Competing Proposal (taking into account all of the terms and conditions of the KPP Counterproposal); and
- (b) the other terms and conditions of the KPP Counterproposal taken as a whole are not less favourable than those in the applicable Competing Proposal,

then,

- (c) Spicers and KPP must use their best endeavours to agree the amendments to the Transaction Documents that are reasonably necessary to reflect the KPP Counterproposal (including amendments to the Scheme Consideration and Conditions Precedent that are reasonably necessary to reflect the KPP Counterproposal), and to enter into one or more appropriate amended agreements to give effect to those amendments and to implement the KPP Counterproposal, in each case as soon as reasonably practicable; and
- (d) Spicers must use its best endeavours to procure that each member of the Spicers Board recommends the KPP Counterproposal to Spicers Shareholders and not the applicable Competing Proposal.

12.7 Normal provision of information

Nothing in this clause 12 prevents Spicers from:

- (a) providing information to its Representatives;

- (b) providing information to any Governmental Agency;
- (c) providing information to its auditors, Advisers, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;
- (d) providing information required to be provided by law or any Governmental Agency, including, for the avoidance of doubt, where Spicers is required to make disclosures in compliance with its continuous disclosure obligation under ASX Listing Rule 3.1;
- (e) making presentations to brokers, portfolio investors, analysts and other third parties in the ordinary course of business; or
- (f) otherwise promoting the merits of the Transactions.

12.8 Acknowledgement

KPP has required Spicers to agree to the obligations set out in this clause 12 in consideration of it proceeding with the Scheme and incurring significant costs in doing so. In the absence of obtaining these obligations from Spicers, KPP would not have entered into this Deed.

13 Spicers Break Fee

13.1 Payment of costs

- (a) Spicers and KPP acknowledge that if they enter into this Deed and the Scheme is subsequently not implemented, KPP will incur significant costs.
- (b) In the circumstances referred to in clause 13.1(a):
 - (i) KPP has requested that provision be made for the payments referred to in clause 13.2, without which KPP would not have entered into this Deed; and
 - (ii) the Spicers Board believes that it is appropriate for Spicers to agree to the payments referred to in clause 13.2 in order to secure KPP's participation in the Transactions.
- (c) Spicers acknowledges that the Spicers Break Fee represents a reasonable amount to compensate KPP for the following:
 - (i) all advisory costs (including costs of Advisers other than success fees);
 - (ii) costs of management and directors' time;
 - (iii) all out of pocket expenses;
 - (iv) all commitment fees and other financing costs (whether associated with debt or equity finance); and
 - (v) reasonable opportunity costs in pursuing the Transactions or not pursuing other alternative acquisitions or strategic initiatives.

13.2 Spicers Break Fee

- (a) Subject to clauses 13.2(b), 13.2(c) and 13.4, Spicers must pay KPP the Spicers Break Fee in accordance with clause 13.3, without withholding or set off, if:
 - (i) **(change of recommendation)** any Spicers Director fails to publicly state that they consider the Scheme to be in the best interests of Spicers Shareholders or fails to recommend that Spicers Shareholders vote in favour of the Scheme and the Capital Return Resolutions, or publicly changes, withdraws, adversely revises or adversely qualifies that statement or recommendation, other than in any case in accordance with clause 8.1(b)(iv)(A) and provided that the reasons for the

Independent Expert's conclusions do not include the existence of a Competing Proposal;

- (ii) **(Competing Proposal)** a Competing Proposal is publicly announced or made prior to the End Date and within twelve months of the date of such announcement or proposal, the relevant Third Party or an Associate of that Third Party:
 - (A) completes a Competing Proposal of a kind referred to in any of paragraphs (b), (c) or (d) of the definition of Competing Proposal;
 - (B) enters into an agreement, arrangement or understanding with Spicers or another Spicers Group Member of the kind referred to in paragraph (e) of the definition of Competing Proposal; or
 - (C) without limiting the above provisions in this clause 13.2, acquires (either alone or in aggregate) a Relevant Interest in, or an unconditional right to acquire, more than 50% of the Spicers Shares or acquires (either alone or in aggregate) control of Spicers within the meaning of section 50AA of the Corporations Act;
- (iii) **(Material breach by Spicers)** KPP terminates this Deed in accordance with clause 14.1(b), or in accordance with clause 14.2(a) for breach of a Spicers Scheme Representation and Warranty only.
- (b) Despite any other term of this Deed, the Spicers Break Fee is only payable once.
- (c) Despite any other term of this Deed, the Spicers Break Fee will not be payable to KPP if:
 - (i) the Scheme becomes Effective notwithstanding the occurrence of any event in clause 13.2(a); or
 - (ii) Spicers has terminated this Deed in accordance with clause 14.1(b);
 and, if the Spicers Break Fee has already been paid where the circumstances described in clause 13.2(c) exist, it must be refunded by KPP immediately.
- (d) For the avoidance of doubt, the Spicers Break Fee will not be payable merely by reason that:
 - (i) the Scheme is not approved by Spicers Shareholders at the Scheme Meeting;
 - (ii) the Capital Returns are not approved by Spicers Shareholders at the Special General Meeting; or
 - (iii) any Regulatory Approval, the absence of which would prohibit, materially restrict, make illegal or restrain the completion of the Transactions or any Transaction Document, is not obtained.

13.3 Time for payment

- (a) Spicers must pay KPP the Spicers Break Fee (without set-off or withholding), if it is payable pursuant to clause 13.2(a), within 5 Business Days after receiving a written notice from KPP setting out the relevant circumstances and requiring payment of the Spicers Break Fee.
- (b) A written notice requiring payment of the Spicers Break Fee may only be made after the Scheme fails to become Effective by the End Date or if this Deed is terminated in accordance with its terms.

13.4 Compliance with law

- (a) This clause 13 imposes obligations on Spicers only to the extent that the performance of all or part of those obligations:
 - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel; and
 - (ii) is not determined to be unlawful by a court,
 subject to all proper avenues of appeal and review, judicial and otherwise, having been exhausted.
- (b) The parties must not make, or cause, permit or encourage to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination of a kind referred to in clause 13.4(a).

13.5 Limitation of liability

Where an amount becomes payable to KPP under clause 13.2 and is actually paid to KPP (or is payable, but no demand is made under clause 13.3 for payment), KPP cannot make any Claim (other than a Claim under this clause 13) against Spicers which relates solely to the event that gave rise to the right to make a demand under clause 13.3, except a Claim in relation to a breach of clause 12. For the avoidance of doubt, the amount of loss or damage caused in relation to a breach of clause 12 shall be reduced by the amount paid to KPP under clause 13.3.

14 Termination

14.1 Termination

Either party (**terminating party**) may terminate this Deed by written notice to the other:

- (a) in the circumstances set out in, and in accordance with, clause 3.5; or
- (b) other than in respect of a breach of a KPP Representation and Warranty or a Spicers Scheme Representation and Warranty (which are dealt with in clause 14.2) at any time before 8am on the Second Court Date if the other party has materially breached this Deed, provided that (except, where KPP is the terminating party, in the case of a material breach by Spicers of clause 8 or 12) the terminating party has given notice to the other party setting out the relevant circumstances and stating an intention to terminate this Deed, and the relevant breach continues to exist for 5 Business Days (or any shorter period ending at 5pm on the last Business Day before the Second Court Date) from the time such notice is given.

14.2 Termination for breach of representations and warranties

- (a) KPP may, at any time before 8am on the Second Court Date, terminate this Deed for breach of a Spicers Scheme Representation and Warranty only if:
 - (i) KPP has given written notice to Spicers setting out the relevant circumstances and stating an intention to terminate or to allow the Scheme to lapse; and
 - (ii) the relevant breach continues to exist for 5 Business Days (or any shorter period ending at 5pm on the last Business Day before the Second Court Date) after the date on which the notice is given under clause 14.2(a)(i); and
 - (iii) the relevant breach is material in the context of the Scheme taken as a whole.
- (b) The parties agree that for the purpose of clause 14.2(a)(iii) any breach of the Spicers Representations and Warranties contained in Warranties 1.10 or 1.11 of Schedule 6 will be deemed to be material in the context of the Scheme taken as a whole.

- (c) Spicers may, at any time before 8am on the Second Court Date, terminate this Deed for breach of a KPP Representation and Warranty only if:
 - (i) Spicers has given written notice to KPP setting out the relevant circumstances and stating an intention to terminate or to allow the Scheme to lapse;
 - (ii) the relevant breach continues to exist for 5 Business Days (or any shorter period ending at 5pm on the last Business Day before the Second Court Date) after the date on which the notice is given under clause 14.2(c)(i); and
 - (iii) the relevant breach is material in the context of the Scheme taken as a whole.

14.3 Termination by KPP

KPP may terminate this Deed at any time before 8am on the Second Court Date by notice in writing to Spicers:

- (a) if any Spicers Director publicly changes or withdraws their statement that they consider the Scheme to be in the best interests of Spicers Shareholders or their recommendation that Spicers Shareholders approve the Scheme, or publicly recommend, promote or otherwise endorse a Competing Proposal, whether or not in accordance with clause 8.1(b); or
- (b) if a Competing Proposal is publicly announced or made and any of paragraphs (A), (B) or (C) of clause 13.2(a)(ii) are satisfied.

14.4 Termination by Spicers

Spicers may terminate this Deed at any time before 8am on the Second Court Date by notice in writing to KPP if the Spicers Board publicly changes or withdraws its statement that it considers the Scheme to be in the best interests of Spicers Shareholders or its recommendation that Spicers Shareholders approve the Scheme, in either case in accordance with clause 8.1(b), or publicly recommends, promotes or otherwise endorses a Superior Proposal.

14.5 Effect of termination

In the event of termination of this Deed by either KPP or Spicers pursuant to clause 14.1, 14.2, 14.3 or 14.4, this Deed will have no further force or effect and the parties will have no further obligations under this Deed, provided that:

- (a) this clause 14.5 and clauses 1, 9, 10.3, 10.7, 11, 13, 15 and 16 will survive termination; and
- (b) each party will retain any accrued rights and remedies, including any rights and remedies it has or may have against the other party in respect of any past breach of this Deed.

14.6 No other termination

No party may terminate or rescind this Deed except as permitted by clauses 3.5, 14.1, 14.2, 14.3 or 14.4.

15 GST

15.1 Recovery of GST

If GST is payable, or notionally payable, on a supply made under or in connection with this Deed, the party providing the consideration for that supply must pay as additional consideration an amount equal to the amount of GST payable, or notionally payable, on that supply (the **GST Amount**). Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time that the other consideration for the supply is provided. This clause does not apply to the

extent that the consideration for the supply is expressly stated to be GST inclusive or the supply is subject to reverse charge.

15.2 Liability net of GST

Where any indemnity, reimbursement or similar payment under this Deed is based on any cost, expense or other liability, it must be reduced by any input tax credit entitlement, or notional input tax credit entitlement, in relation to the relevant cost, expense or other liability and then increased in accordance with clause 15.1 where applicable.

15.3 Adjustment events

If an adjustment of GST is required as a result of an adjustment event in respect of a supply made pursuant to this Deed, then

- (a) a corresponding adjustment of GST payable under this Deed must be made between the parties within 21 days after the end of the tax period in which the adjustment is attributable; and
- (b) the supplier, if obligated to do so under the GST Law, must issue an adjustment note within 21 days after the end of the tax period in which the adjustment is attributable.

15.4 Cost exclusive of GST

Any reference in this Deed (other than in the calculation of consideration) to a cost, expense or other similar amount (**Cost**) is a reference to that Cost exclusive of GST.

15.5 Calculating the consideration for a supply

If the consideration for a supply under this Deed is calculated by reference to the consideration for other supplies, in making that calculation, the consideration for those other supplies excludes any amount in respect of GST payable on those supplies

15.6 Survival

This clause will not merge upon completion and will continue to apply after expiration or termination of this Deed.

15.7 Definitions

- (a) Unless the context requires otherwise, words and phrases used in this clause that have a specific meaning in the GST Law will have the same meaning in this clause.
- (b) If a party is a member of a GST group, references to GST for which the party is liable and to input tax credits to which the party is entitled include GST for which the representative member of the GST group is liable and input tax credits to which the representative member is entitled.

16 Miscellaneous

16.1 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this Deed:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand to the address below or by email to the email address below or the address or email address last notified by the intended recipient to the sender:

- (i) to Spicers: Address: 155 Logis Boulevard, Dandenong
South, Victoria 3175
- E-mail: J.Trollip@meridianint.com
- Attention: Jonathan Trollip, Chairman
- Copy to: Tom.Story@allens.com.au
Michael.Clark@spicers.com.au
- (ii) to KPP: Address: 6-24 Akashi-cho, Chuo-ku, Tokyo
104-0044 Japan
- E-mail: dai-yoshikawa@kppc.co.jp
yasuyuki-sakata@kppc.co.jp
- Attention: Dai Yoshikawa, General Manager
- Copy to: Ian Williams / Andrew Rich / Nick
Baker

Herbert Smith Freehills
Level 34, 161 Castlereagh St,
Sydney, NSW, 2000, Australia

ian.williams@hsf.com /
andrew.rich@hsf.com /
nick.baker@hsf.com

- (c) will be conclusively taken to be duly given or made:
- (i) in the case of delivery in person to the nominated address in clause 16.1(b), when delivered to the nominated address;
- (ii) in the case of delivery by express post to a nominated address in clause 16.1(b) in the same country, at 9.00am on the second Business Day after the date of posting;
- (iii) in the case of delivery by any other method of post, at 9.00am on the sixth Business Day after the date of posting (if posted to a nominated address in clause 16.1(b) in the same country) or at 9.00am on the tenth Business Day after the date of posting (if posted to a nominated address in clause 16.1(b) in another country);
- (iv) in the case of email, the earlier of:
- (A) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email;
- (B) the time that the email (including any attachment) is first opened or read by the intended recipient, or an employee or officer of, or any other person acting on behalf of, the intended recipient; and
- (C) two hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, during that two hour period, an automated message that the email has not been delivered,

but if the result is that a Notice would be taken to be given or made:

- (v) on a day that is not a business day in the place to which the Notice is sent or at a time that is later than 5pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next business day in that place; or
- (vi) before 9am (local time) on a business day in the place to which the Notice is sent, then it will be taken to have been duly given or made at 9am (local time) on that business day in that place.

16.2 No waiver

A failure to exercise or a delay in exercising any right, power or remedy under this Deed does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

16.3 Remedies cumulative

The rights, powers and remedies provided to each party in this Deed are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

16.4 Entire agreement

This Deed and the Confidentiality Deed contain the entire agreement between the parties with respect to their subject matter. They set out the only conduct, representations, warranties, covenants, conditions, agreements or understandings (collectively **Conduct**) relied on by the parties and supersede all earlier Conduct by or between the parties in connection with their subject matter. Neither party has relied on or is relying on any other Conduct in entering into this Deed and completing the transactions contemplated by it. If there is any inconsistency between the provisions of this Deed and the provisions of the Confidentiality Deed, the provisions of this Deed will prevail to the extent of any inconsistency and the provisions of the Confidentiality Deed will be construed accordingly.

16.5 Amendment

This Deed may be amended only by another deed executed by both parties.

16.6 Assignment

Neither party can assign, charge, create a security interest over, encumber or otherwise deal with any of its rights or obligations under this Deed, or attempt or purport to do so, without the prior written consent of the other party.

16.7 No merger

The rights and obligations of the parties will not merge on the completion of any transaction contemplated by this Deed. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

16.8 Further assurances

Each party must do anything necessary or desirable (including executing agreements and documents) to give full effect to this Deed and the transactions contemplated by it.

16.9 Costs and duty

Each party must bear its own costs arising out of the negotiation, preparation and execution of this Deed. All duty (including stamp duty and any fines, penalties and interest) payable on or in

connection with this Deed and any instrument executed under or any transaction evidenced by this Deed must be borne by KPP.

16.10 Severability of provisions

Any provision of this Deed that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions of this Deed nor affect the validity or enforceability of that provision in any other jurisdiction.

16.11 Spicers Remedies

For the avoidance of doubt, the parties acknowledge that in the event of any breach or threatened breach of this Deed by KPP:

- (a) the terms of this Deed will in no way limit any of the rights, powers or remedies available to Spicers, whether in equity, law or under statute, including specific performance, injunctive relief or damages; and
- (b) the availability of any particular right, power or remedy will in no way be affected by whether Spicers has or has not accrued a right of termination under this Deed.

16.12 Governing law and jurisdiction

This Deed is governed by the laws of New South Wales, Australia. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

16.13 Process agent

KPP appoints Herbert Smith Freehills ABN 98 773 882 646 as its agent to accept service of process and other documents in any action or proceedings relating to any matter arising out of this Deed, and:

- (a) must ensure that at all times, the agent or a replacement acceptable to Spicers (acting reasonably) remains present and authorised to accept service of process and other documents on its behalf and, if there is a replacement, it must immediately notify Spicers and provide it with satisfactory evidence of the replacement's acceptance of its appointment; and
- (b) agrees that service of any process or documents on the agent (or any replacement), at the address and marked to the attention of the individuals specified in clause 16.1 (or any alternative details nominated by KPP by Notice) will be sufficient service on it.

For the avoidance of doubt, nothing in this Deed will affect the rights of any party to serve process in any other manner permitted by law.

16.14 Counterparts

This Deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Schedule 1**Indicative Timetable**

Event	Date
Spicers provides draft Scheme Booklet to ASIC	March 2019
First Court Date	April 2019
Despatch of Scheme Booklet completed	Early May 2019
Scheme Meeting and Special General Meeting	Early June 2019
Second Court Date	June 2019
Effective Date	June 2019
Record Date	June 2019
Implementation Date	July 2019

Schedule 2

Scheme

Scheme of Arrangement pursuant to section 411 of the *Corporations Act 2001* (Cth)**Between**

Spicers Limited (ACN 005 146 350) registered in Victoria of 155 Logis Boulevard, Dandenong South, Victoria 3175 (**Spicers**).

And

The holders of fully paid ordinary shares in the capital of Spicers as at the Record Date (other than any person holding fully paid ordinary shares in the capital of Spicers on behalf of, or for the benefit of, KPP).

Recitals

- A Spicers is a public company limited by shares incorporated in Australia, and is admitted to the official list of ASX.
- B Spicers and Kokusai Pulp & Paper Co., Ltd (**KPP**) have entered into the Scheme Implementation Deed, pursuant to which, amongst other things, Spicers has agreed to propose the Scheme to Spicers Shareholders, and each of Spicers and KPP has agreed to take certain steps to give effect to the Scheme.
- C If the Scheme becomes Effective, then:
- (a) all the Scheme Shares will be transferred to KPP and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the terms of the Scheme; and
 - (b) Spicers will enter the name and address of KPP in the Spicers Register as the holder of the Scheme Shares,
- subject to and in accordance with the provisions of the Scheme.
- D KPP has entered into the Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders that it will, among other things, observe and perform the obligations contemplated of it under the Scheme.

It is agreed as follows.

1 Definitions and Interpretation**1.1 Definitions**

In this document, unless the context requires otherwise:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the ASX operated by it.

ASX Listing Rules means the official listing rules of ASX.

Base Scheme Consideration means, for each Scheme Share, \$90,000,000 cash divided by the number of Scheme Shares.

Business Day means any day that is each of the following:

- (a) a Business Day within the meaning given in the ASX Listing Rules; and
- (b) a day that banks are open for business in Sydney, New South Wales, Australia and Tokyo, Japan.

CHESS means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

CHESS Holding has the meaning given in the Settlement Rules.

Conditions Precedent means the conditions precedent to the Scheme set out in clause 2.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia or such other court of competent jurisdiction as KPP and Spicers may agree in writing.

Deed Poll means the deed poll dated _____ executed by KPP in favour of the Scheme Shareholders.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date has the meaning given in the Scheme Implementation Deed.

Excluded Shareholder means any Spicers Shareholder who is a member of the KPP Group.

Implementation Date means the date that is 5 Business Days after the Record Date, or such other date as Spicers and KPP may agree in writing or as may be required by ASX, but which in any case will not occur earlier than the week commencing 15 July 2019.

Issuer Sponsored Holding has the meaning given in the Settlement Rules.

KPP has the meaning given in Recital B.

KPP Group has the meaning given in the Scheme Implementation Deed.

Record Date means 7pm on the date that is 3 Business Days after the Effective Date, or such other date as may be agreed in writing between KPP and Spicers or as may be required by ASX.

Registered Address means, in relation to a Spicers Shareholder, the address of that Spicers Shareholder shown in the Spicers Register.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Spicers and Spicers Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court and agreed to by KPP and Spicers.

Scheme Consideration has the meaning given to that term in the Scheme Implementation Deed.

Scheme Implementation Deed means the Scheme Implementation Deed dated _____ 2019 between KPP and Spicers.

Scheme Meeting means the meeting of Spicers Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act in relation to the Scheme, and includes any adjournment of that meeting.

Scheme Shareholder means each person who is registered in the Spicers Register as a holder of Scheme Shares as at the Record Date.

Scheme Shares means the Spicers Shares on issue as at the Record Date other than any Spicers Share then held by an Excluded Shareholder (but including any such Spicers Share held on behalf of one or more third parties or otherwise in a fiduciary capacity).

Scheme Transfer means, in relation to each Scheme Shareholder, a proper instrument of transfer of their Scheme Shares for the purpose of section 1071B of the Corporations Act, which

may be a master transfer of all or part of all of the Scheme Shares.

Second Court Date means the first day of hearing of an application made to the Court for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Settlement Rules means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.

Spicers Register means the register of members of Spicers maintained by or on behalf of Spicers in accordance with section 168(1) of the Corporations Act.

Spicers Share means a fully paid ordinary share in the capital of Spicers.

Spicers Share Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

Spicers Shareholder means a person who is registered in the Spicers Register as a holder of Spicers Shares.

Trust Account means an Australian dollar denominated trust account operated by Spicers or the Spicers Share Registry as trustee for the benefit of the Scheme Shareholders, as nominated by Spicers and notified to KPP at least 5 Business Days prior to the Implementation Date, being the account into which KPP will deposit the Base Scheme Consideration in accordance with clause 5.1(a).

1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) The following rules apply unless the context requires otherwise.
 - (i) The singular includes the plural, and the converse also applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to a clause is a reference to a clause of this document.
 - (vi) A reference to an agreement or document (including a reference to this document) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
 - (vii) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form.
 - (viii) A reference to a person includes the person's successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal personal representatives).
 - (ix) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
 - (x) A reference to *dollars* or \$ is to Australian currency.

- (xi) A reference to time is to Sydney time.
- (xii) If the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.
- (xiii) Words and phrases not specifically defined in this document have the same meanings (if any) given to them in the Corporations Act.

2 Conditions Precedent

2.1 Conditions Precedent to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8am on the Second Court Date each of the conditions precedent set out in clause 3.1 of the Scheme Implementation Deed (other than the condition precedent relating to the approval of the Court set out in clause 3.1(e) of the Scheme Implementation Deed) has been satisfied or waived in accordance with the Scheme Implementation Deed;
- (b) as at 8am on the Second Court Date, neither the Scheme Implementation Deed nor the Deed Poll have been terminated;
- (c) the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to KPP and Spicers;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to KPP and Spicers have been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme come into effect, pursuant to section 411(10) of the Corporations Act.

2.2 Termination of Scheme Implementation Deed

Without limiting any rights under the Scheme Implementation Deed, in the event that the Scheme Implementation Deed is terminated in accordance with its terms before 8am on the Second Court Date, Spicers and KPP are each released from:

- (a) any further obligation to take steps to implement the Scheme;
- (b) any liability with respect to the Scheme; and
- (c) in the case of KPP, any liability under the Deed Poll.

3 Scheme Becoming Effective

3.1 Effective Date of the Scheme

Subject to clause 3.2, the Scheme will take effect on and from the Effective Date.

3.2 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date, unless KPP and Spicers otherwise agree in writing.

4 Implementation of Scheme

4.1 Lodgement

Spicers must lodge with ASIC an office copy of any Court orders under section 411(4)(b) of the Corporations Act approving the Scheme by no later than 5pm on the Business Day following the date on which the Court approves this Scheme, or such other Business Day as may be agreed in writing between KPP and Spicers.

4.2 Transfer of Scheme Shares

On the Implementation Date, subject to the provision of the Base Scheme Consideration in the manner contemplated by clause 5 and KPP having provided Spicers with written confirmation of that having occurred, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to KPP, without the need for any further act by any Scheme Shareholder (other than acts performed by Spicers or any of its directors and officers as attorney and agent for Scheme Shareholders under the Scheme), by Spicers effecting a valid transfer or transfers of the Scheme Shares to KPP under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Spicers delivering to KPP for execution duly completed Scheme Transfers to transfer all of the Scheme Shares to KPP, duly executed by Spicers (or any of its directors and officers) as the attorney and agent of each Scheme Shareholder as transferor under clause 8.3;
- (b) KPP executing the Scheme Transfers as transferee and delivering them to Spicers for registration; and
- (c) Spicers, immediately after receipt of the Scheme Transfers under clause 4.2(b), entering, or procuring the entry of, the name and address of KPP in the Spicers Register as the holder of all of the Scheme Shares.

5 Base Scheme Consideration

5.1 Provision of Base Scheme Consideration

- (a) Subject to the conditions precedent in clause 2.1 being satisfied, KPP will, by no later than 12pm on the Business Day before the Implementation Date, deposit (or will procure the deposit of) the Base Scheme Consideration into the Trust Account in cleared and immediately available funds.
- (b) Subject to KPP having complied with clause 5.1(a), Spicers must, on the Implementation Date and from the Trust Account, pay or procure the payment to each Scheme Shareholder of an amount equal to the Base Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder as set out in Spicers Register on the Record Date by doing any of the following at its election:
 - (i) where a Scheme Shareholder has, before the Record Date, made an election in accordance with the requirements of Spicers Share Registry to receive dividend payments from Spicers by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (ii) otherwise, dispatching, or procuring the dispatch of, a cheque in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address, such cheque being drawn in the name of the Scheme Shareholder (or in the case

of joint holders, in accordance with the procedures set out in clause 5.2), for the relevant amount.

5.2 Joint holders

In the case of Scheme Shares held in joint names any cheque required to be paid to Scheme Shareholders will be payable to the joint holders and will be forwarded to the holder whose name appears first in the Spicers Register as at the Record Date.

5.3 Fractional entitlements

If the number of Scheme Shares held by a Scheme Shareholder as at the Record Date is such that the aggregate entitlement of that Scheme Shareholder to Base Scheme Consideration includes a fractional entitlement to a cent in cash, then the entitlement of that Scheme Shareholder must be rounded up or down, with any fractional entitlement of less than 0.5 being rounded down to the nearest whole number of cents, and any fractional entitlement of 0.5 or more being rounded up to the nearest whole number of cents.

5.4 Unclaimed monies

- (a) Spicers may cancel a cheque or electronic funds transfer issued under this clause 5 if the cheque or electronic funds transfer:
 - (i) is returned to Spicers; or
 - (ii) in the case of a cheque, has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Spicers, Spicers must reissue a cheque or electronic funds transfer that was previously cancelled under this clause 5.4.
- (c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Base Scheme Consideration which becomes 'unclaimed money' (as defined in sections 7, 8 and 10 of the *Unclaimed Money Act 1995* (NSW)).

5.5 Orders of a court

If:

- (a) written notice is given to Spicers (or the Spicers Share Registry) or KPP of an order made by a court of competent jurisdiction that requires provision to a third party of all or part of the Base Scheme Consideration that would otherwise be payable to a particular Scheme Shareholder in accordance with this clause 5, then KPP may procure compliance with that order; or
- (b) written notice is given to Spicers (or the Spicers Share Registry) or KPP of an order made by a court of competent jurisdiction that prevents provision of all or part of the Base Scheme Consideration to a particular Scheme Shareholder in accordance with clause 5.1(b), or such provision is otherwise prohibited by applicable law, KPP may retain the relevant part of the Base Scheme Consideration to which that Scheme Shareholder would otherwise have been entitled to receive pursuant to clause 5.1(b) until such time as provision of that part of the Base Scheme Consideration to that Scheme Shareholder is permitted by that order or otherwise by law.

6 Dealings in Spicers Shares

6.1 Dealings in Spicer Shares by Scheme Shareholders

For the purpose of establishing the persons who are Scheme Shareholders, dealings in Spicer Shares will only be recognised by Spicer provided that:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Spicer Register as the holder of the relevant Spicer Shares by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Spicer Share Registry by 5pm on the day which is the Record Date (in which case Spicer must register such transfers or transmission applications before 7pm on that day),

and Spicer must not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders, any transfer or transmission application in respect of Spicer Shares received after such times, or received prior to such times but not in registrable form.

6.2 Spicer Register

Spicer must, until the Base Scheme Consideration has been provided and the name and address of KPP has been entered in the Spicer Register as the holder of all of the Scheme Shares, maintain, or procure the maintenance of, the Spicer Register in accordance with this clause 6, and the Spicer Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration. As from the Record Date (and other than for KPP following the Implementation Date), each entry in the Spicer Register as at the Record Date relating to Scheme Shares will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration in respect of those Scheme Shares.

6.3 Effect of share certificates and holding statements

As from the Record Date (and other than for KPP following the Implementation Date), all share certificates and holding statements for Scheme Shares will cease to have effect as documents of title in respect of those Scheme Shares.

6.4 Information to be given to KPP

Spicer must procure that, as soon as practicable after the Record Date and in any event at least 3 Business Days before the Implementation Date, details of the names, Registered Addresses and holdings of Spicer Shares of every Scheme Shareholder as shown in the Spicer Register as at the Record Date are given to KPP (or as it directs) in such form as KPP may reasonably require.

6.5 No disposals after Record Date

If the Scheme becomes Effective, each Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date.

7 Suspension and Termination of Quotation of Spicer Shares

- (a) Spicer must apply to ASX for suspension of trading of the Spicer Shares on ASX with effect from the close of business on the Effective Date.

- (b) Spicers must apply to ASX for termination of official quotation of the Spicers Shares on ASX and the removal of Spicers from the official list of ASX with effect from the Business Day immediately following the Implementation Date, or from such later date as may be determined by KPP.

8 General Provisions

8.1 Further assurances

- (a) Each Scheme Shareholder and Spicers will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting Spicers' other powers under the Scheme, Spicers has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Scheme Implementation Deed.

8.2 Scheme Shareholders' agreements and consents

Each Scheme Shareholder:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to KPP in accordance with the terms of the Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Spicers Shares constituted by or resulting from this Scheme;
- (c) who holds their Spicers Shares in a CHESS Holding agrees to the conversion of those Spicers Shares to an Issuer Sponsored Holding and irrevocably authorises Spicers to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and
- (d) irrevocably consents to Spicers and KPP doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it,

without the need for any further act by that Scheme Shareholder.

8.3 Appointment of Spicers as attorney for implementation of Scheme

Each Scheme Shareholder, without the need for any further act by that Scheme Shareholder, irrevocably appoints Spicers as that Scheme Shareholder's agent and attorney for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 4.2(a); and
- (b) enforcing the Deed Poll against KPP,

and Spicers accepts such appointment. Spicers, as agent and attorney of each Scheme Shareholder, may sub delegate its functions, authorities or powers under this clause 8.3 to all or any of its directors and officers (jointly, severally, or jointly and severally).

8.4 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to KPP and Spicers on the Implementation Date, and, to the extent enforceable, to have appointed and authorised Spicers as that Scheme Shareholder's agent and attorney to warrant to KPP on the Implementation Date,

that:

- (a) all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to KPP pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to KPP pursuant to the Scheme. Spicers undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to KPP on behalf of that Scheme Shareholder; and
- (b) they have no existing right to be issued any Spicer's Shares, Spicer's Options, Spicer's Performance Rights, or any other Spicer's securities, other than the right to be issued Spicer's Shares upon the exercise of Spicer's Performance Rights or Spicer's Options (as applicable). Spicer's undertakes that it will provide such warranty to KPP as agent and attorney of each Scheme Shareholder.

8.5 Title to and rights in Scheme Shares

- (a) On and from the Implementation Date, immediately after the provision of the Base Scheme Consideration to Scheme Shareholders pursuant to clause 5.1(b), KPP will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Spicer's of the name and address of KPP in the Spicer's Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to KPP will, at the time of transfer of them to KPP vest in KPP free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

8.6 Appointment of KPP as attorney for Scheme Shares

- (a) From the Effective Date until KPP is registered in the Spicer's Register as the holder of all Scheme Shares, each Spicer's Shareholder:
 - (i) without the need for any further act by that Spicer's Shareholder, irrevocably appoints KPP as its sole proxy to (and irrevocably appoints KPP as its agent and attorney for the purpose of appointing any director or officer of KPP as that Spicer's Shareholder's sole proxy and, where appropriate, its corporate representative to):
 - (A) attend shareholders' meetings of Spicer's;
 - (B) exercise the votes attaching to the Spicer's Shares registered in the name of the Spicer's Shareholder; and
 - (C) sign any Spicer's Shareholders' resolution; and
 - (ii) must take all other action in the capacity of a Spicer's Shareholder as KPP reasonably directs.

- (b) From the Effective Date until KPP is registered in the Spicers Register as the holder of all Scheme Shares, no Spicers Shareholder may attend or vote at any meetings of Spicers Shareholders or sign any Spicers Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 8.6.

8.7 Alterations and conditions to Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions:

- (a) Spicers may, by its counsel or solicitors, and with the prior consent of KPP, consent on behalf of all persons concerned, including each Spicers Shareholder, to those alterations or conditions; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Spicers consents to under clause 8.7(a).

8.8 Binding effect of Scheme

The Scheme binds Spicers and all of the Spicers Shareholders from time to time (including those who did not attend the Scheme Meeting, did not vote at that meeting or voted against the Scheme) and, to the extent of any inconsistency, overrides the constitution of Spicers.

8.9 Enforcement of Deed Poll

Spicers undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against KPP (as applicable) on behalf of and as agent and attorney for the Scheme Shareholders.

8.10 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Spicers, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Spicers' registered office or by the Spicers Share Registry, as the case may be.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Spicers Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceeding of the Scheme Meeting.

8.11 Costs and duty

- (a) Subject to clause 8.11(b), each of KPP and Spicers will pay their share of the costs of the Scheme in accordance with the Scheme Implementation Deed.
- (b) KPP will pay all duty (including stamp duty and any related fines, penalties and interest) payable on or in connection with the transfer by Scheme Shareholders of the Scheme Shares to KPP pursuant to the Scheme.

8.12 Governing law and jurisdiction

This Scheme is governed by the laws of New South Wales. Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction there (and courts of appeal from them) in respect of any proceedings arising out of or in connection with matters concerning the Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

8.13 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Spicers, KPP nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Schedule 3

Deed Poll

Kokusai Pulp & Paper Co., Ltd.

Deed Poll

In favour of each Scheme Shareholder

Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000 Australia
T +61 2 9230 4000
F +61 2 9230 5333
www.allens.com.au

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This Deed Poll is made on

Parties

- 1 **Kokusai Pulp & Paper Co., Ltd.** registered in Japan of 6-24 Akashi-cho, Chuo-ku, Tokyo 104-0044 Japan (**KPP**).

In favour of

Each Scheme Shareholder

Recitals

- A KPP and Spicers Limited (ACN 005 146 350) (**Spicers**) have entered into a Scheme Implementation Deed dated _____ 2019 (the ***Scheme Implementation Deed***).
- B Spicers has agreed in the Scheme Implementation Deed to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, KPP will acquire all of the Scheme Shares from Scheme Shareholders for the Scheme Consideration.
- C In accordance with the Scheme Implementation Deed, KPP is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders that it will observe and perform the obligations contemplated of it under the Scheme.

It is agreed as follows.

1 Definitions and Interpretation

1.1 Definitions

- (a) Subject to clause 1.1(b), terms defined in the Scheme, a copy of which is set out in the Schedule to this Deed Poll, have the same meaning in this Deed Poll, unless the context requires otherwise.
- (b) The following terms have the meaning given in the Scheme Implementation Deed:
- (i) Base Scheme Consideration;
 - (ii) Deferred Returns Period;
 - (iii) Property Distribution;
 - (iv) Property Sale Proceeds;
 - (v) Scheme Consideration;
 - (vi) Singapore Property;
 - (vii) Special General Meeting;
 - (viii) Spicers Group;
 - (ix) Spicers Group Members;
 - (x) Spicers Shareholders; and
 - (xi) Tasmanian Properties.

1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this document' in that clause are references to 'this Deed Poll'.

2 Nature of Deed Poll

KPP acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms, even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder appoints Spicers as its agent and attorney to enforce this Deed Poll against KPP on behalf of that Scheme Shareholder.

3 Conditions Precedent and Termination

3.1 Conditions precedent

KPP's obligations under this Deed Poll are subject to the Scheme becoming Effective.

3.2 Termination

If the Scheme Implementation Deed is terminated in accordance with its terms before the Effective Date or the Scheme does not become Effective on or before the End Date, the obligations of KPP under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect, unless Spicers and KPP otherwise agree in writing.

3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) KPP is released from its obligations under this Deed Poll, except those obligations under clause 8.6; and
- (b) each Scheme Shareholder retains any rights, powers or remedies that Scheme Shareholder has against KPP in respect of any breach of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

4 Compliance with Scheme Obligations

4.1 Undertaking to pay Base Scheme Consideration

Subject to clause 3, in consideration for the transfer to KPP of the Scheme Shares in accordance with the Scheme, KPP covenants in favour of each Scheme Shareholder that it will observe and perform all obligations contemplated of it under the Scheme, including the obligations relating to the provision of the Base Scheme Consideration in accordance with the terms of the Scheme.

4.2 Undertaking to return Property Sale Proceeds

Subject to clause 3, in consideration for the transfer to KPP of the Scheme Shares in accordance with the Scheme, KPP covenants in favour of each Scheme Shareholder that it will:

- (a) if the Property Distribution is approved by the Spicers Shareholders at the Special General Meeting but not all the Property Sale Proceeds are received by the Spicers Group by the date that is two Business Days before the Implementation Date, use its best endeavours to diligently pursue (or procure that the relevant Spicers Group Members pursue) the sale of the Singapore Property and the Tasmanian Properties, as applicable, during the Deferred Returns Period; and
- (b) to the extent any Property Sale Proceeds are received pursuant to clause 4.2(a), hold such proceeds for the benefit of the Scheme Shareholders and procure that they are promptly returned to the Scheme Shareholders in accordance with the respective holding

of Scheme Shares of each Scheme Shareholder as at the Record Date in accordance with clause 4.3.

4.3 Payments to Scheme Shareholders

Any payments to be made to Scheme Shareholders under clause 4.2 must be:

- (a) paid in the same manner that Spicers determines to pay the Base Scheme Consideration to each Scheme Shareholder under clause 5.1(b) of the Scheme; and
- (b) otherwise made in accordance with clauses 5.2, 5.3, 5.4 and 5.5 of the Scheme on the basis that references to 'Base Scheme Consideration' are references to 'Property Sale Proceeds'.

5 Representations and Warranties

KPP makes the following representations and warranties in respect of itself.

- (a) **(Status)** It is a corporation validly existing under the laws of the place of its incorporation.
- (b) **(Power)** It has the power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll.
- (c) **(Corporate authorisations)** It has taken all necessary corporate action to authorise the entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll.
- (d) **(Document binding)** This Deed Poll is its valid and binding obligation enforceable in accordance with its terms, subject to any necessary stamping and registration.
- (e) **(Transactions permitted)** The execution and performance by it of this Deed Poll and each transaction contemplated by this Deed Poll did not and will not violate in any respect a provision of:
 - (i) a law, judgment, ruling, order or decree binding on it; or
 - (ii) its constitution or other constituent documents.

6 Continuing Obligations

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) KPP having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 3.

7 Further Assurances

KPP will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Shareholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

8 General

8.1 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this Deed Poll:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;

- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand to the address below or by email to the email address below or the address or email address last notified by the intended recipient to the sender:

- | | | | |
|------|-------------|------------|--|
| (i) | to Spicers: | Address: | 155 Logis Boulevard, Dandenong South, Victoria 3175 |
| | | E-mail: | J.Trollip@meridianint.com |
| | | Attention: | Jonathan Trollip, Chairman |
| | | Copy to: | Tom.Story@allens.com.au
Michael.Clark@spicers.com.au |
| (ii) | to KPP: | Address: | 6-24 Akashi-cho, Chuo-ku, Tokyo 104-0044 Japan |
| | | E-mail: | dai-yoshikawa@kppc.co.jp
yasuyuki-sakata@kppc.co.jp |
| | | Attention: | Dai Yoshikawa, General Manager |
| | | Copy to: | Ian Williams / Andrew Rich / Nick Baker |
| | | | Herbert Smith Freehills
Level 34, 161 Castlereagh St,
Sydney, NSW, 2000, Australia |
| | | | ian.williams@hsf.com /
andrew.rich@hsf.com /
nick.baker@hsf.com |

- (c) will be conclusively taken to be duly given or made:
- (i) in the case of delivery in person to the nominated address in clause 8.1(b), when delivered to the nominated address;
 - (ii) in the case of delivery by express post to a nominated address in clause 8.1(b) in the same country, at 9.00am on the second Business Day after the date of posting;
 - (iii) in the case of delivery by any other method of post, at 9.00am on the sixth Business Day after the date of posting (if posted to a nominated address in clause 8.1(b) in the same country) or at 9.00am on the tenth Business Day after the date of posting (if posted to a nominated address in clause 8.1(b) in another country);
 - (iv) in the case of email, the earlier of:
 - (A) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email;
 - (B) the time that the email (including any attachment) is first opened or read by the intended recipient, or an employee or officer of, or any other person acting on behalf of, the intended recipient; and

- (C) two hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, during that two hour period, an automated message that the email has not been delivered,

but if the result is that a Notice would be taken to be given or made:

- (v) on a day that is not a business day in the place to which the Notice is sent or at a time that is later than 5pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next business day in that place; or
- (vi) before 9am (local time) on a business day in the place to which the Notice is sent, then it will be taken to have been duly given or made at 9am (local time) on that business day in that place.

8.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by KPP or by any Scheme Shareholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

8.3 Remedies cumulative

The rights, powers and remedies of KPP and of each Scheme Shareholder under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

8.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless:

- (a) either:
 - (i) before the First Court Date, the amendment or variation is agreed to in writing by Spicers and KPP (which such agreement may be given or withheld without reference to or approval by any Spicers Shareholder); or
 - (ii) on or after the First Court Date, the amendment or variation is agreed to in writing by Spicers and KPP (which such agreement may be given or withheld without reference to or approval by any Spicers Shareholder), and the Court indicates that the variation would not of itself preclude approval of the Scheme; and
- (b) KPP enters into a further deed poll in favour of the Scheme Shareholders giving effect to that amendment or variation.

8.5 Assignment

The rights and obligations of KPP and of each Scheme Shareholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior written consent of KPP and Spicers.

8.6 Costs and duty

KPP must bear its own costs arising out of the negotiation, preparation and execution of this Deed Poll. All duty (including stamp duty and any fines, penalties and interest) payable on or in

connection with this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by KPP. KPP must indemnify each Scheme Shareholder on demand against any liability for that duty (including any related fines, penalties and interest).

8.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales. KPP irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction there (and courts of appeal from them) in respect of any proceedings arising out of or in connection with matters concerning this Deed Poll. KPP irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

Deed Poll

Allens & Linklaters

Schedule

Scheme

Executed and delivered as a Deed

Executed as a deed by Kokusai Pulp & Paper Co., Ltd in the presence of:



Authorised signatory

Witness

Print Name

Print Name

Schedule 4

Agreed Public Announcement

ASX RELEASE

17 January 2019

SPICERS LIMITED ENTERS INTO A SCHEME IMPLEMENTATION DEED WITH KOKUSAI PULP & PAPER CO., LTD.

Spicers Limited ("Spicers") (ASX: SRS) is pleased to announce that it has entered into a binding Scheme Implementation Deed ("Implementation Agreement") with Kokusai Pulp & Paper Co., Ltd. ("KPP"), under which KPP would acquire all of the shares in Spicers pursuant to a Scheme of Arrangement ("the Scheme").

In conjunction with the Scheme, Spicers will propose a return of capital to shareholders ("Capital Returns"), covering distributions in respect of Asian Operations⁽¹⁾ sale proceeds received, expected proceeds from the sale of properties in Singapore and Tasmania, and surplus 'net cash' amounts as at 30 June 2019.

Summary

- The proposed Transaction⁽²⁾ will deliver significant value to Spicers shareholders, who will receive an estimated A\$147.6 million, or 7.0 cents per share, on a fully diluted basis⁽³⁾.
- Transaction Consideration, to be paid as 100% cash, represents a significant premium to Spicers recent pre-announcement share price.
- Spicers Directors unanimously recommend shareholders vote in favour of the proposed Transaction, and intend to vote Spicers shares they control (26.6% of fully diluted share capital⁽³⁾) in favour, subject to no superior proposal emerging and the Independent Expert determining that the Transaction is in the best interests of shareholders.
- The proposed Transaction is subject to a condition that final Transaction Consideration is equal to or greater than 6.6 cents⁽³⁾, and several other customary Scheme conditions.
- Spicers shareholders do not need to take any action at this stage. A Scheme Booklet is expected to be dispatched to shareholders in early May 2019, with the Scheme meeting to be held in early June 2019 and implementation expected in July 2019.

Transaction Background

As part of a commitment to maximise value and deliver the most optimal outcome for Spicers shareholders, the Board and management engaged in confidential discussions with KPP and received an indicative non-binding offer from KPP to acquire all of the shares in Spicers, via a Scheme, during the second-half of 2018.

Due diligence and further discussions between the parties and their advisors subsequently proceeded in late 2018. This has now resulted in a binding Implementation Agreement being concluded between the parties for KPP to acquire the Spicers business, consisting of operations in Australia and New Zealand, in its entirety.

(1) The Asian operations of Spicers consisted of operating subsidiaries in Malaysia (Spicers Paper (Malaysia) Sdn Bhd), and Singapore (Spicers Paper (Singapore) Pte Ltd). Please refer to Spicers ASX Announcements on 26 September 2018 and 27 November 2018 for further details on the transaction, which completed as expected on 11 December 2018.

(2) The Scheme and Capital Return are together referred to as the "Transaction".

(3) Based on 2,107,142,649 shares, to be comprised of 2,056,942,649 existing ordinary shares and 50,200,000 performance rights that will vest and convert into ordinary shares.

KPP listed on the Tokyo Stock Exchange in June 2018, and has significant Japanese and overseas business operations focused on paper, packaging and other peripheral products. Group sales are JPY377.7 billion (AUD\$4.8 billion), with 956 staff employed across 26 sites globally. Having rearranged its business portfolio and strengthened business foundations, KPP's objective for the next 3 financial years is to accelerate business expansion and advance an M&A strategy in the Asia-Pacific region.

Overview of the Transaction

Under the terms of the Scheme, shareholders will be entitled to receive an estimated 7.0 cents per share in cash ("Transaction Consideration"), subject to all applicable conditions being satisfied or waived and the Scheme being implemented.

The Transaction Consideration comprises:

- Base Scheme Consideration of A\$90 million (4.3 cents per share¹) from KPP for the purchase of Spicers.
- Estimated Capital Returns to shareholders of approximately A\$57.6 million (2.7 cents per share¹), to be payable on implementation of the Scheme, comprising distributions in relation to:
 - proceeds received from the sale of the Asian Operations;
 - expected proceeds from the sale of properties in Singapore and Tasmania; and
 - the expected surplus 'net cash' balance at 30 June 2019, less certain liabilities and transaction costs, and subject to a working capital 'minimum'.

These Capital Returns will replace the proposed capital return of A\$15.0 million approved by shareholders at the Annual General Meeting on 15 November 2018. Spicers will apply for a Class Ruling from the Australian Tax Office in relation to the Capital Returns.

The table below provides a breakdown of the key components of the estimated Capital Returns:

Capital Returns Component	A\$m
Asia Operations sale proceeds (including net cash repatriated)	22.8
Expected proceeds from the sale of surplus property	12.8
Expected surplus 'net cash' balance (less liabilities and transaction costs)	22.0
Total	57.6

Transaction Consideration of an estimated 7.0 cents per share would represent a significant premium to Spicers pre-announcement share price:

- 32.1% to the closing price of 5.3 cents per share on 17 January 2019;
- 30.7% to the 1-month volume weighted average price (VWAP) to 17 January 2019.

Spicers Board Unanimously Recommends the Proposed Transaction

The Directors of Spicers unanimously recommend that shareholders vote in favour of all components of the proposed Transaction (consisting of the Scheme and the Capital Returns), in the absence of a superior proposal and subject to the Independent Expert concluding that the proposed Transaction is in the best interests of Spicers shareholders. Subject to these same qualifications, each Director of Spicers intends to vote, or cause to be voted, all the Spicers shares held or controlled by them, including via related party entities, in favour of the proposed Transaction at the Scheme meeting.

The Directors of Spicers hold 26.6% of Spicers share capital on a fully diluted basis⁽¹⁾, either directly or via related entities.

(1) Based on 2,107,142,649 shares, to be comprised of 2,056,942,649 existing ordinary shares and 50,200,000 performance rights that will vest and convert into ordinary shares.

Spicers Chairman, Jonathan Trollip said: “Whilst the Board remains confident in management’s plans for the Spicers business, and current results are showing positive momentum, the proposed Transaction would provide considerable value for Spicers shareholders. The Transaction Consideration represents a significant premium to Spicers’ recent share price and would be paid as 100% cash. The Scheme is also subject to limited conditionality, with due diligence already completed by KPP. For these reasons, the Board considers the proposed Transaction to be very attractive to Spicers shareholders.”

David Martin, Spicers CEO added: “Our business is in an excellent position and our strategic focus over the past two years has delivered improved value for our current shareholders. I see many advantages for the Spicers business in taking this step to become part of a successful, global, business with a willingness to invest for growth in our key revenue streams of Print & Packaging, Sign & Display and Architecture & Interior Design. KPP has been a key business partner of Spicers for many years, and I believe having access to their global resources will provide opportunities for Spicers in many new markets and product categories.”

Other Key Details of the Proposed Transaction and Implementation Agreement

Other details relating to the proposed Transaction and Implementation Agreement include:

- Implementation of the Scheme is subject to a number of conditions precedent, including:
 - A condition that the final Transaction Consideration is equal to or greater than 6.6 cents⁽¹⁾;
 - Customary commercial conditions on no Material Adverse Changes or Prescribed Occurrences;
 - Several customary Scheme conditions, including the Independent Expert determining that the Scheme is in the best interests of Spicers shareholders, shareholder approvals of the Scheme and Capital Returns by the requisite majorities, and Court approval of the Scheme.
- The Implementation Agreement is subject to customary exclusivity provisions, including “no shop” and “no talk” restrictions, “notification” obligations, “matching” rights (subject to the Spicers Directors’ fiduciary obligations), and a Break Fee of \$1.1m which may become payable to KPP in certain circumstances.

A copy of the Implementation Agreement is provided in a separate Spicers ASX Announcement, “Scheme Implementation Agreement with KPP”, made at the same time.

Indicative Timetable and Next Steps

An indicative timetable for the Proposed Transaction is included in Schedule 1 of the Implementation Agreement. Spicers shareholders do not need to take any action at the present time.

Spicers will announce its FY2019 interim results and financial report on 15 February 2019.

An explanatory Scheme Booklet containing further information relating to the Proposed Transaction and an independent expert’s report is expected to be sent to shareholders in early May 2019, following completion of the required regulatory consultations and Court Hearing.

Shareholders will vote on the proposed Transaction at a Scheme meeting, which is expected to be held in early June 2019. Subject to shareholder approval and the other conditions of the Scheme being satisfied, the Transaction is expected to be implemented in July 2019.

Spicers is being advised by Moelis Australia and Allens. Pitcher Partners have been appointed as the Independent Expert.

(1) Based on 2,107,142,649 shares, to be comprised of 2,056,942,649 existing ordinary shares and 50,200,000 performance rights that will vest and convert into ordinary shares.



For further information contact:

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About Spicers Limited (SRS)

Spicers is a dynamic and solutions-focused distribution business with an extensive network in the geographies we serve. We offer a full suite of products and services to our customers, incorporating commercial print, digital media, label & packaging, industrial packaging, sign & display consumables and hardware, and architectural offerings.

Schedule 5

KPP Representations and Warranties

1 Fundamental matters

- 1.1 **(Incorporation)** KPP is a corporation validly existing under the laws of its place of incorporation.
- 1.2 **(Power and capacity)** KPP has the full power and capacity to enter into and perform its obligations under this Deed and to carry out the transactions contemplated by this Deed.
- 1.3 **(Corporate authorisations)** KPP has taken all necessary corporate action to authorise the entry into this Deed and has taken or will take all necessary corporate action to authorise the performance of this Deed.
- 1.4 **(Deed binding)** This Deed is KPP's valid and binding obligation enforceable in accordance with its terms.
- 1.5 **(No default)** The execution and performance by KPP of this Deed and each transaction contemplated by this Deed does not and will not violate in any respect a provision of:
 - (a) a law, judgment, ruling, order or decree binding on it;
 - (b) its constituent documents; or
 - (c) any other document or agreement that is binding on it or any of its Subsidiaries.
- 1.6 **(Solvency)** Each KPP Group Member is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against any KPP Group Member for the winding up, dissolution or termination of that KPP Group Member or for the appointment of a liquidator, receiver, administrator, or similar officer over any or all of any KPP Group Member's assets.
- 1.7 **(No shareholder or regulatory approvals required)** No shareholder approval of KPP and no regulatory approval is required to be obtained by KPP in order for it to execute, deliver and perform this Deed.
- 1.8 **(KPP Provided Information)** On the First Court Date and the Second Court Date:
 - (a) the KPP Provided Information will be or has been prepared and provided in good faith and on the understanding that Spicers and each of its Officers will rely or have relied on that information for the purposes of preparing the Scheme Booklet and proposing the Scheme, and that the Independent Expert will rely or has relied on the information for the purposes of preparing the Independent Expert's Report;
 - (b) the KPP Provided Information complies in all material respects with the requirements referred to in clause 6.3(d);
 - (c) the KPP Provided Information in the form and context in which it appears in the Scheme Booklet is not, as at that date, misleading or deceptive in any material respect and will not contain any material omission; and
 - (d) all information provided by or on behalf of KPP to the Independent Expert to enable the Independent Expert's Report to be prepared has been prepared and provided in good faith and on the understanding that the Independent Expert has relied on the information for the purposes of preparing the Independent Expert's Report.

- 1.9 **(No Relevant Interest)** As at the date of this Deed, no KPP Group Member has a Relevant Interest in any Scheme Shares.
- 1.10 **(Funding – date of Scheme Implementation Deed)** As at the date of this Deed, KPP has a reasonable basis to expect that it will, before the Implementation Date, have available to it sufficient cash amounts (whether from internal cash resources or external funding arrangements (including debt and equity financing) or a combination thereof) to satisfy KPP's obligation to pay the Base Scheme Consideration in accordance with its obligations under the Transaction Documents.
- 1.11 **(Funding – Second Court Date)** Before 8am on the Second Court Date, KPP will have available to it on an unconditional basis (other than the conditions relating to the approval of the Court and other conditions within the control of KPP) sufficient cash amounts (whether from internal cash resources or external funding arrangements (including debt and equity financing) or a combination thereof) to satisfy KPP's obligation to pay the Base Scheme Consideration in accordance with its obligations under the Transaction Documents.
- 1.12 **(Funding – Implementation Date)** On the Implementation Date, KPP will have available to it sufficient cash amounts (whether from internal cash resources or external funding arrangements (including debt and equity financing) or a combination thereof) to satisfy KPP's obligation to pay the Base Scheme Consideration in accordance with its obligations under the Transaction Documents.

Schedule 6

Part 1 – Spicers Scheme Representations and Warranties

1 Fundamental matters

- 1.1 **(Incorporation)** Spicers is a corporation validly existing under the laws of its place of incorporation.
- 1.2 **(Power and capacity)** Spicers has the power to enter into and perform its obligations under this Deed and to carry out the transactions contemplated by this Deed.
- 1.3 **(Corporate authorisations)** Spicers has taken all necessary corporate action to authorise the entry into this Deed and has taken or will take all necessary corporate action to authorise the performance of this Deed.
- 1.4 **(Deed binding)** This Deed is Spicers' valid and binding obligation enforceable in accordance with its terms.
- 1.5 **(No default)** The execution and performance by Spicers of this Deed and each transaction contemplated by this Deed did not and will not violate in any respect a provision of:
 - (a) a law or treaty or a judgment, ruling, order or decree binding on it or any of its Related Bodies Corporate;
 - (b) its constitution; or
 - (c) any other document or agreement that is binding on it or any of its Subsidiaries.
- 1.6 **(Solvency)** Each Spicers Group Member is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against any Spicers Group Member for the winding up, dissolution or termination of that Spicers Group Member or for the appointment of a liquidator, receiver, administrator, or similar officer over any or all of any Spicers Group Member's assets.
- 1.7 **(Compliance)** Each Spicers Group Member has complied in all material respects with all Australian and foreign laws and regulations applicable to them, all orders of Australian or foreign Governmental Agencies having jurisdiction over them, and the Spicers Group has all material licences, permits and franchises necessary for it to conduct its activities as presently being conducted.
- 1.8 **(No ASIC and ASX determination)** As at the date of this Deed, neither ASIC nor ASX (as applicable) has made a determination against any Spicers Group Member for any contravention of the requirements of the Corporations Act or the ASX Listing Rules or any rules, regulations or regulatory guides under the Corporations Act or the ASX Listing Rules.
- 1.9 **(No matters requiring restatement of financial statements)** So far as Spicers is aware, there has not been any event, change, effect or development that would require Spicers to restate Spicers' financial statements as disclosed to ASX.
- 1.10 **(Capital structure)** Spicers' capital structure, including all issued securities as at the date of this Deed, is as set out in Schedule 7 and Spicers has not issued or granted (or agreed to issue or grant) any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into Spicers Shares other than as set out in Schedule 7 and Spicers is not under any obligation to issue or grant, and no person has any right to call for the issue or grant of, any Spicers Shares, options, warrants, performance rights or other securities or instruments in Spicers.

- 1.11 **(Spicers Group structure)** The structure diagram for the Spicers Group set out in Schedule 8 is accurate and complete and, except where indicated, shareholdings are 100%. The structure diagram sets out full details of any company, trust, joint venture, other entity or enterprise (including, without limitation, any partnership or unincorporated association) in which Spicers or another Spicers Group Member owns or otherwise holds any interest.
- 1.12 **(Spicers Provided Information)** On the First Court Date and the Second Court Date:
- (a) the Spicers Provided Information has been prepared and included in the Scheme Booklet in good faith and on the understanding that KPP and each of its Officers have relied on that information for the purposes of considering and approving the KPP Provided Information in the Scheme Booklet, and that the Independent Expert has relied on the information for the purposes of preparing the Independent Expert's Report;
 - (b) the Spicers Provided Information complies in all material respects with the requirements referred to in clause 6.3(b);
 - (c) the Spicers Provided Information in the form and context in which it appears in the Scheme Booklet is not misleading or deceptive in any material respect (including by any material omission); and
 - (d) all information provided by or on behalf of Spicers to the Independent Expert to enable the Independent Expert's Report to be prepared has been prepared and provided in good faith and on the understanding that the Independent Expert has relied on the information for the purposes of preparing the Independent Expert's Report.
- 1.13 **(Continuous disclosure)** On the date of this Deed, the First Court Date, the date of the Scheme Meeting and the Second Court Date, and following the making by Spicers of the Agreed Public Announcement, Spicers is not in breach of its continuous disclosure obligations under ASX Listing Rule 3.1 and is not withholding any information from KPP that is being withheld from public disclosure in reliance on ASX Listing Rule 3.1A.
- 1.14 **(Spicers Disclosed Information)** The Spicers Disclosed Information has been compiled and made available to KPP and its Representatives in good faith and with all reasonable care and skill and, so far as Spicers is aware, is not misleading in any material respect (including by omission). Spicers has not withheld from the Spicers Disclosed Information any information of which Spicers is aware which, if disclosed, might reasonably be expected to affect the decision of KPP to enter into this Deed and complete the Transactions.
- 1.15 **(All information)** Spicers is not aware of any information relating to the Spicers Group or its Business (having made reasonable enquiries) as at the date of this Deed that has or could reasonably be expected to give rise to a Spicers Material Adverse Change or Spicers Prescribed Occurrence that has not been disclosed in an announcement by Spicers to ASX or in the Spicers Disclosed Information.

Part 2 – Spicers Business Representations and Warranties

1 Accounts

- 1.1 **(Basis of preparation)** The Accounts have been prepared:
- (a) in accordance with applicable statutory requirements including, without limitation, the Corporations Act;
 - (b) in accordance with the Accounting Standards;
 - (c) in the manner described in the notes to them;
 - (d) on a consistent basis with the equivalent accounts for the previous accounting period; and
 - (e) include an independent auditor's report.
- 1.2 **(True and fair view)** The Accounts give a true and fair view of the financial position of the Spicers Group as at the Accounts Date and of its performance for the financial period ended on the Accounts Date.
- 1.3 **(Liabilities)** The Accounts appropriately disclose all liabilities (whether actual or contingent) of the Spicers Group at the relevant balance date in accordance with the requirements referred to in warranty 1.2.
- 1.4 **(Valuation of stock)** In the Accounts:
- (a) stock was valued in the same way as in the 2 preceding financial years and on the basis of the lower of cost and net realisable value; and
 - (b) all redundant and obsolete stock was written off or written down as appropriate in accordance with Spicers Group policy.
- 1.5 **(Depreciation)** The rate of depreciation applied in the Accounts for each fixed asset:
- (a) has been consistently applied over the preceding 2 financial years of the Spicers Group Members; and
 - (b) is adequate to write down the value of each fixed asset to its net realisable value at the end of its useful working life.
- 1.6 **(Fixed assets)** All of the fixed assets of the Spicers Group (other than land and goodwill) as shown in the Accounts are valued at cost less depreciation deducted from time to time in a consistent manner and there has been no revaluation of those fixed assets since their acquisition.
- 1.7 **(Off balance sheet financing)** No Spicers Group Member is engaged in any financing or hedging (including the incurring of any borrowing or any indebtedness in the nature of acceptances or acceptance credits) of a type that would not be required to be shown or reflected in the Accounts.
- 1.8 **(Position since Accounts Date)** Since the Accounts Date the Business has been conducted in all material respects:
- (a) in the ordinary and usual course;
 - (b) in accordance with legal and contractual obligations; and
 - (c) in a manner generally consistent (subject to any laws, regulations and regulatory approvals) with the manner in which the Business had been conducted in the 12 month period prior to the Accounts Date,

other than for the transactions contemplated by the Transaction Documents, disclosed in an announcement by Spicers to ASX or in the Spicers Disclosed Information.

- 1.9 **(Management accounts)** The management accounts of the Spicers Group in the Spicers Disclosed Information (having regard to the purpose for which they were prepared) have been prepared by Spicers in good faith and with due care and attention and:
- (a) fairly represent and show with reasonable accuracy:
 - (i) the financial position and profit or loss of the Spicers Group as at and for the period in respect of which they have been prepared; and
 - (ii) the financial performance of the Spicers Group for the period in respect of which they have been prepared; and
 - (b) are not misleading or deceptive or likely to mislead or deceive (in each case whether by omission or otherwise),

but KPP acknowledges that they are not audited or prepared on a statutory basis.

2 Records

- 2.1 **(Accounting records)** The books of account of the Spicers Group Members (including any which they may be obliged to produce under any contract now in force) are up to date, in the relevant Spicers Group Member's possession and are true and complete in accordance with the law, standards, principles and practices applicable to it.
- 2.2 **(Business Records)** The Business Records other than accounting records:
- (a) have been properly maintained in all material respects;
 - (b) do not contain or reflect any material inaccuracies or material discrepancies; and
 - (c) for employee records, contain adequate and suitable records regarding the service of each of the Employees.
- 2.3 **(Rectification of registers)** No Spicers Group Member has received notice of any application or intended application for the rectification of its register of members or any other register that it is required by law to maintain.
- 2.4 **(Filings)** All documents required to be filed with ASIC (or equivalent Governmental Agency or predecessor body) by any Spicers Group Member under any relevant legislation have been duly filed where failure to do so would prejudice the conduct of the Business as carried on in the period prior to the date of this Deed or the continuity of its licences.

3 Contracts

- 3.1 **(Disclosure)** All contracts, deeds, agreements and arrangements that could reasonably be considered material to the Spicers Group (**Material Contracts**) have been fairly disclosed in the Spicers Disclosed Information, and the copies of such Material Contracts included in the Spicers Disclosed Information are current, accurate and complete (and include any and all amendments, variations, supplements, addendums, annexures, appendices, extensions and/or renewals in respect of such Material Contracts). For the avoidance of doubt, any agreements for the supply of stock, raw materials, packaging, products or goods to or by the Spicers Group Members that involve or are likely to involve the supply of goods the aggregate sale value of which will represent in excess of 5% of the turnover for the financial year of the Spicers Group ended on the Accounts Date shall be deemed to be Material Contracts.

- 3.2 **(Default by Spicers Group Member)** No Spicers Group Member is in default, or would be in default but for the requirements of notice or lapse of time, under any Material Contract.
- 3.3 **(Default by Third Party)** So far as Spicers is aware, no other party to any Material Contract is in default, or would be in default but for the requirements of notice or lapse of time, under that Material Contract.
- 3.4 **(Notices of termination)** No Spicers Group Member has received any written notice that may materially affect the rights of that Spicers Group Member, or the exercise of any rights by that Spicers Group Member, under a Material Contract, nor is Spicers aware of any facts, matters or circumstances which may result in such a notice being given.
- 3.5 **(Change of control)** No Spicers Group Member is a party to any material agreement under which any person (other than a Spicers Group Member) is entitled, upon a change in control of the Spicers Group Member, to:
- (a) terminate that agreement; or
 - (b) impose or require the adoption of terms that are less favourable to the Spicers Group Member than the current terms,
- that will, or would reasonably be likely to have, a Material Adverse Effect on the Spicers Group Member.
- 3.6 **(Powers of attorney)** No power of attorney given by a Spicers Group Member is in force, other than authorities under which officers, employees or agents of a Spicers Group Member may carry out that Spicers Group Member's business in the ordinary course.
- 3.7 **(Agreements with related parties)** No Spicers Group Member:
- (a) is as at the date of this Deed;
 - (b) will be immediately after the Implementation Date;
 - (c) has been during the 2 years before the date of this Deed,
- a party to any agreement or arrangement (legally enforceable or not) to which Spicers is or was a party to or in which any Spicers Group Member, a director or former director of Spicers or a Spicers Group Member is or was interested in any way.
- 3.8 **(Non-competes)** No Spicers Group Member has entered into a Material Contract that contains a non-compete undertaking in favour of any Third Party that materially restricts the Spicers Group Member's ability to carry on the Business.

4 Financing arrangements

- 4.1 **(Financings)** Other than as fairly disclosed in Spicers Disclosed Information or set forth in the Accounts as at the Accounts Date, there are no:
- (a) financing agreements or arrangements entered into by a Spicers Group Member for the borrowing of money or the incurrence of any debt or other financial indebtedness (whether contingent or otherwise), or the granting of Encumbrances or security;
 - (b) debentures, bonds, notes or similar debt instruments issued by a Spicers Group Member, (whether by one instrument or by all of the instruments in a series); or
 - (c) guarantees, letters of comfort, indemnities or other commitments of financial support which have been given or issued by a Spicers Group Member, or to which a Spicers

Group Member is otherwise subject, in relation to any other Spicers Group Member or any other person.

- 4.2 **(No defaults)** There is no existing or unremedied material breach of, or any event of default, cancellation event, prepayment event, review event or other similar event under, any agreement or arrangement referred to in warranty 4.1 and the Transactions will not trigger any such breach, event of default, cancellation event, prepayment event or similar event.
- 4.3 **(No demands)** No calls, notices or demands have been served on a Spicers Group Member that remain outstanding in relation to any default or non-compliance under an agreement or arrangement referred to in warranty 4.1.
- 4.4 **(Enforcement)** So far as Spicers is aware:
- (a) no legal or enforcement action has been taken, or demand has been made, by any party to enforce any security, guarantee or other Encumbrance of any kind over any assets of a Spicers Group Member; and
 - (b) there are no facts, matters or circumstances that would or may entitle any person to take such action.

5 Assets

- 5.1 **(Material assets)** All the material tangible assets of the Spicers Group are:
- (a) fully paid for;
 - (b) either the absolute property of a Spicers Group Member free and clear of all Encumbrances or used by a Spicers Group Member under a contract under which it is entitled to use the assets on the terms and conditions of such contract;
 - (c) except as disclosed in the Spicers Disclosed Information, not the subject of a Security Interest which has been perfected by the secured party possessing or controlling the personal property;
 - (d) not the subject of any lease or hire purchase agreement or agreement for purchase on deferred terms, other than in the ordinary course of business;
 - (e) in the exclusive possession of a Spicers Group Member, its agent or nominee; or
 - (f) not the subject of any agreements or arrangements to dispose or not to dispose or that otherwise restrict their use or disposal.
- 5.2 **(Assets sufficient)** On the Implementation Date the Spicers Group will own, or have the right to use (on terms no less favourable to the applicable Spicers Group Members than the terms applicable as at the date of this Deed), all of the assets that are necessary for the conduct of the Business as carried on at the date of this Deed.
- 5.3 **(Stock)** So far as Spicers is aware:
- (a) all stock owned by the Spicers Group (**Stock**) is of good and merchantable quality, fit for the purpose for which it is used, manufactured to proper standards other than any obsolete and slow moving stock provided for or written off in accordance with Spicers Group policy;
 - (b) the level of Stock is reasonable having regard to current and expected demand;
 - (c) the Stock is saleable in the usual course of the Business in accordance with market pricing levels;

- (d) no Spicers Group Member has supplied, or agreed to supply, goods that have been, or will be, defective or that fail, or will fail, to comply with their terms of sale; and
- (e) no goods in a state ready for supply by a Spicers Group Member are defective or will fail to comply with terms of sale similar to terms of sale on which similar goods have previously been sold by the Spicers Group Member.

5.4 **(Plant and equipment)** As far as Spicers is aware, all plant, machinery, vehicles and equipment owned or used by a Spicers Group Member:

- (a) are in good repair and condition having regard to their age;
- (b) are in satisfactory working order and have been regularly and properly maintained in accordance with industry standards;
- (c) are capable of performing the functions for which they are used;
- (d) are recorded in the books of the Spicers Group Member; and
- (e) have not been repaired, altered, modified, operated or maintained in a way that would void or otherwise affect any warranty provided by the suppliers of those assets.

6 Properties

6.1 **(Disclosure of Properties)** The Spicers Disclosed Information includes:

- (a) reasonable particulars of each parcel of real property to which a Spicers Group Member holds freehold title (all such parcels of real property, the **Freehold Properties**); and
- (b) copies of all agreements or other documents pursuant to which a Spicers Group Member leases (or sub-leases), licences, occupies or otherwise uses any parcel of real property (all such agreements and other documents, the **Property Leases**, and all such parcels of real property, the **Leased Properties**), and the copies of such Property Leases included in the Spicers Disclosed Information are current, accurate and complete (and include any and all amendments, variations, supplements, addendums, annexures, appendices, extensions and/or renewals in respect of such Property Leases),

(the Freehold Properties and Leasehold Properties together, the **Properties**).

6.2 **(Interest in land)** No Spicers Group Member has any interest in land except for its interest in the Properties.

6.3 **(All land owned or occupied)** The Properties comprise all the land and premises owned, used or occupied by a Spicers Group Member on its own account or for the benefit of another Spicers Group Member.

6.4 **(Occupation)** The Spicers Group Members have the exclusive occupation and quiet enjoyment of the Leasehold Properties.

6.5 **(No breach)** Spicers is not aware of any Spicers Group Member being in material breach of, or material default under any of the Property Leases and the Transactions contemplated by this Deed will not trigger any such breach or default.

6.6 **(Notices)** No Spicers Group Member has received any notice to vacate or notice to quit from any Third Party pursuant to the Property Leases.

6.7 **(Defects)** So far as Spicers is aware, the Properties are not subject to any defect that will, or would reasonably be likely to:

- (a) materially decrease their ability to be used in the existing business of the relevant Spicers Group Member following the Implementation Date; or
- (b) in the case of the Freehold Properties, materially decrease the value of any of those Freehold Properties.

6.8 **(Disputes, Governmental notices and proposals)** So far as Spicers is aware:

- (a) there are no disputes, Claims or actions relating to any of the Properties or the use thereof;
- (b) there is no intention on the part of any counterparty to a Property Lease to:
 - (i) terminate the Property Lease;
 - (ii) not renew or extend the Property Lease at expiry or only renew or extend the Property Lease at expiry on terms materially more favourable to such counterparty than the current terms; or
 - (iii) seek to increase the rent, fees, rates or other amounts payable by the relevant member(s) of the Spicers Group under the Property Lease (whether at expiry of the Property Lease or otherwise).
- (c) No Spicers Group Member has received any notice from a Governmental Agency related to any of the Properties, that:
 - (i) concern the compulsory acquisition or resumption of or the change of the planning or zoning affecting the Properties;
 - (ii) require material work to be done or material expenditure to be made on or in respect of any of the Properties or any footpath or road adjoining any of the Properties for which a Spicers Group Member is responsible; or
 - (iii) will, or would reasonably be likely to affect any Property or its use by the Spicers Group Member.

6.9 **(Title)** The relevant Spicers Group Member:

- (a) is the legal and beneficial owner, and registered proprietor, of; and
 - (b) has good and marketable title to;
- the Freehold Properties.

6.10 **(Title deeds)** A Spicers Group Member has possession of the documents of title to the Freehold Properties.

6.11 **(Encumbrances)** The Freehold Properties and the title deeds to the Freehold Properties are not subject to any Encumbrances or any lease or agreement for lease (except in favour of a Spicers Group Member).

6.12 **(Leases binding)** The Property Leases are (where required to be registered) registered, legally valid and subsisting and binding on any registered mortgagee of the freehold and no Spicers Group Member has granted any sub lease, licence or exclusive or shared right to occupy or use any part of the leased premises.

6.13 **(Buildings and improvements)** So far as Spicers is aware, all buildings or other improvements on the Properties are in such condition and state of repair as to be substantially fit for the purpose for which they are used by the Spicers Group Member.

6.14 **(Consents)** Each material consent required under any legislation for any development or use carried out by the Spicers Group Member on any Property has been properly obtained. All

conditions or restrictions imposed in any such consent have been observed and performed in all material respects.

- 6.15 **(Previous interests)** No Spicers Group Member will become liable to any person in respect of any real property, or interest in real property, previously owned by a Spicers Group Member or used in the Business, but not owned by a Spicers Group Member or used in the Business at the Implementation Date.

7 Environment

- 7.1 **(Environmental)** There are no factors affecting any of the Properties that will, or would reasonably be likely to, give rise to any material liability for any Spicers Group Member:
- (a) under; or
 - (b) arising from any act or omission of a Spicers Group Member that is a breach of or inconsistent with its obligations under,

any Environmental Laws.

- 7.2 **(No notices)** No Spicers Group Member has received any notices, orders, directions or declarations from or by any Governmental Agency in respect of any Environmental Law applicable to any of the Properties (including notice of any actual or alleged breach of any Environmental Law), nor is Spicers aware of any facts, matters or circumstances which may result in such notice being given.
- 7.3 **(No Contamination)** No Contamination exists on any of the Properties and no Contamination has migrated from any Properties.

8 Intellectual Property Rights

8.1 (Ownership)

- (a) A Spicers Group Member is the sole legal and beneficial owner of the Business Intellectual Property, free and clear of all Encumbrances.
- (b) So far as Spicers is aware, no Third Party is infringing or has infringed any Business Intellectual Property.

8.2 (Right to use)

- (a) Each Spicers Group Member has an enforceable right to use all Third Party Intellectual Property on terms and conditions no less favourable to it than the terms and conditions applicable as at the date of this Deed (where these have been included in the Spicers Disclosed Information).
- (b) So far as Spicers is aware, no Third Party is infringing or has infringed any Third Party Intellectual Property, where the infringement will, or would be reasonably likely to, have a Material Adverse Effect on a Spicers Group Member.
- (c) A Spicers Group Member has not granted any right to use, or any interest in, any Business Intellectual Property.

8.3 (Infringement of Third Party rights)

- (a) The conduct of the Business by the Spicers Group Members, the use of Business Intellectual Property and, so far as Spicers is aware, the use of the Third Party Intellectual Property, does not breach or infringe any Intellectual Property Rights, rights of confidentiality, moral rights or any other rights of any Third Party.

- (b) The use of Business Intellectual Property and, so far as Spicers is aware, the use of the Third Party Intellectual Property, does not breach or infringe any Intellectual Property Rights, rights of confidentiality, moral rights or any other rights of any Third Party.
 - (c) No person has notified a Spicers Group Member alleging any breach or infringement described in Warranties 8.3(a) and 8.3(b).
- 8.4 **(No claims)** So far as Spicers is aware, no oppositions, cancellation actions, proceedings claims or complaints have been brought or threatened by any Third Party or any Governmental Agency in relation to the Business Intellectual Property.
- 8.5 **(Validity)** The Business Intellectual Property is valid and enforceable.
- 8.6 **(Registration)**
 - (a) Each item of Business Intellectual Property that is owned by a Spicers Group Member and is capable of being registered is registered in Australia, or is the subject of an application to register which has been filed in Australia.
 - (b) All registrations and applications for the Business Intellectual Property are owned by a Spicers Group Member are current and all application and registration fees and any renewal fees have been paid.
- 8.7 **(Disclosure)** Spicers has fairly disclosed in the Spicers Disclosed Information all material Business Intellectual Property and agreements and arrangements relating to the material Third Party Intellectual Property.
- 8.8 **(Business names)** No Spicers Group Member carries on business under any name other than its corporate name or the following business names: Dalton Paper, Dalton Web Papers, iMedia Imaging Supplies, PaperlinX Office, Spicers, Spicers Office Papers, Spicers Paper and Spicers Stationery. All registrations of such business names are in the name of a Spicers Group Member and are current.
- 8.9 **(Domain names)**
 - (a) A Spicers Group Member is validly licensed to use each of the domain names the subject of the Domain Name Licences. The Domain Name Licences are transferable to KPP and are in good standing.
 - (b) All domain names used in the Business are listed in Schedule 2 of the Spicers Disclosure Letter.

9 Litigation and compliance

- 9.1 **(No Material Proceedings)** No Spicers Group Member is as at the date of this Deed a party to, any investigation, prosecution, or litigation, legal proceedings, arbitration, mediation or any other form of litigation or dispute resolution process or administrative or governmental proceedings that will, or would reasonably be likely to, give rise to a liability for the Spicers Group in excess of \$300,000 (**Material Proceedings**).
- 9.2 **(No threatened Material Proceedings)** So far as Spicers is aware, as at the date of this Deed no Material Proceedings against a Spicers Group Member are pending or threatened and Spicers is not aware of any disputes that will, or would reasonably be likely to, give rise to any Material Proceedings.
- 9.3 **(No outstanding orders)** There are no outstanding settlements, judgments, decrees, awards, orders or other decisions of any court, quasi-judicial body or Governmental Agency (including any

competition authority) made against a Spicers Group Member that will, or would reasonably be likely to, have a Material Adverse Effect on the Spicers Group Member.

- 9.4 **(Undertakings)** No Spicers Group Member has given an undertaking or written assurance (whether legally binding or not) to any court or Governmental Agency (including any competition authority) under any antitrust or similar legislation in any jurisdiction.
- 9.5 **(Compliance with laws)** Spicers is not aware of any material breach of law by any Spicers Group Member of any Australian or foreign laws and regulations applicable to it or orders of Australian or foreign Governmental Agencies having jurisdiction over it and the Spicers Group has all material licences, permits and franchises necessary for it to conduct its activities as presently being conducted.

10 Employees

10.1 (Employee entitlements)

- (a) The Spicers Disclosed Information fairly discloses details of the period of service, including service with any predecessor in business of a Spicers Group Member or the Business, remuneration package (including bonuses, profit share, and employee incentive plan entitlements), applicable allowances, redundancy or termination entitlements and accrued leave (including long service leave, annual leave and personal leave) for each Employee as at the date of this Deed.
- (b) Except as disclosed in the Spicers Disclosed Information or otherwise arising in the ordinary course of business before the Implementation Date, no Spicers Group Member is under, nor will it assume before the Implementation Date, any liability to any Employee for any pension, lump sum retiring allowance or redundancy payment or any liability with respect to annual, long service or personal leave.

- 10.2 **(Compliance)** Each Spicers Group Member materially complies with all obligations under employment contracts, industrial agreements and awards, and with all codes of conduct and practice relevant to conditions of service and to the relations between it and the employees employed by it.

- 10.3 **(Union agreements)** No Spicers Group Member is a party to any workplace agreement, with a trade union or industrial organisation, group of Employees or individual Employees in respect of the Employees and their employment and no industrial awards or workplace agreements apply to any Employees, except as disclosed in the Spicers Disclosed Information.

10.4 (No Employee disputes)

- (a) No Spicers Group Member has been involved in any dispute with any union or Employee at any time within the 6 months preceding the date of this Deed that will, or would reasonably be likely to, have a Material Adverse Effect on the Spicers Group Member.
- (b) Spicers has no belief of any circumstances that will, or would reasonably be likely to, give rise to any industrial dispute or negotiation referred to in warranty 10.4(a).

- 10.5 **(Liability to Government Agency)** No Spicers Group Member has received notice from a Governmental Agency that it has outstanding any material undischarged liability to pay to the Governmental Agency any contribution, Taxes or other impost arising in connection with the employment or engagement of personnel by the Spicers Group Member.

- 10.6 **(Payments made)** A Spicers Group Member has paid or procured the payment of all amounts due to the Employees and all amounts due and payable by the Spicers Group Member to any Third Party for or in respect of the Employees.
- 10.7 **(Employee record)** Each Spicers Group Member has maintained adequate and suitable records regarding the service of each Employee including all records required by law.
- 10.8 **(Workplace)** Each Spicers Group Member has complied with all applicable workplace legislation including occupational health and safety legislation and discrimination legislation.
- 10.9 **(Terms of employment)** Spicers has fairly disclosed in the Spicers Disclosed Information all the terms of employment, codes of conduct and human resources policies and practices that apply to the Employees.
- 10.10 **(Workers compensation)** Each Spicers Group Member:
- (a) has workers compensation insurance in place;
 - (b) has paid its workers compensation insurance premiums;
 - (c) is not the subject of any current workers compensation claim and Spicers is not aware of any future claim;
 - (d) has not been subject to an external audit by the Workers Compensation Insurance Authority in the last 3 years except as disclosed in the Spicers Disclosed Information;
 - (e) has not received an improvement notice or prohibition notice from the WorkCover authority in respect of occupational health and safety; and
 - (f) is not currently subject to an investigation or prosecution by the Workers Compensation Insurance Authority except as disclosed in the Spicers Disclosed Information.
- 10.11 **(Work Health and Safety)** Each Spicers Group Member:
- (a) has not been subject to a Work Safety Authority inspection in the last 3 years except as disclosed in the Spicers Disclosed Information;
 - (b) has not received an improvement notice or prohibition notice from the Work Safety Authority in respect of work health and safety; and
 - (c) is not currently subject to an investigation or prosecution by the Work Safety Authority except as disclosed in the Spicers Disclosed Information.
- 10.12 **(NZ Holidays Act)** In this warranty “Holidays Act” means the *Holidays Act 2003* (NZ). Each Spicers Group Member has:
- (a) paid all amounts due and payable by that Spicers Group Member to the Employees and Former Employees, and all amounts due and payable by that Spicers Group Company to any Third Party for or in respect of the Employees and Former Employees; and
 - (b) has correctly calculated, accrued and paid entitlements for annual leave, bereavement leave, alternative holidays, public holidays, and sick leave for its Employees and Former Employees for the period prior to the Completion Date in accordance with their employment agreements and the Holidays Act.

11 Employee superannuation funds

- 11.1 **(Funds)** Spicers Group Members have complied with their obligations to make superannuation contributions which they are required to make on behalf of Employees.
- 11.2 **(Funding)**

- (a) The prescribed minimum level of superannuation support in respect of each Employee has been provided so as not to incur a shortfall amount under the *Superannuation Guarantee (Administration) Act 1992* (Cth).
 - (b) There are no outstanding or unpaid superannuation contributions on the part of Spicers.
- 11.3 **(Choice of fund)** Spicers has complied with all applicable requirements of the *Superannuation Guarantee (Administration) Act 1992* (Cth) concerning choice of fund.
- 12 Insurance**
- 12.1 **(Disclosure)** The Spicers Disclosed Information fairly discloses reasonable particulars of all current insurance policies and cover notes taken out in respect of a Spicers Group Member or the Business as at the date of this Deed (**Insurances**).
- 12.2 **(Currency)** Each Insurance is currently in full force and effect and all applicable premiums have been paid.
- 12.3 **(No voiding)** So far as Spicers is aware, nothing has been done or omitted to be done that would make any Insurance void or voidable or that would permit an insurer to cancel the policy or refuse or materially reduce a claim or materially increase the premiums payable under the Insurances.
- 12.4 **(No claims)**
- (a) There are no outstanding claims made by a Spicers Group Member or any person on its behalf under an Insurance or an insurance policy previously held by a Spicers Group Member.
 - (b) So far as Spicers is aware, no event (other than one that has given rise to a claim that is not outstanding) has arisen that may give rise to a claim by a Spicers Group Member under any insurance policy.
- 12.5 **(Insurance required by law)** Each Spicers Group Member has effected all insurances required by law to be effected by it, subject to deductibles.
- 12.6 **(No notice)** No Spicers Group Member has been notified by any insurer that it is required or it is advisable for it to carry out any maintenance, repairs or other works in relation to any of its assets.
- 12.7 **(Insurance of assets)** Each insurable asset owned by a Spicers Group Member and that is material for the conduct of the Business as carried on at the Implementation Date has at all material times been and is at the date of this Deed insured to its full replacement value (with no provision for deduction or excess) against each risk normally insured against by a prudent person operating the types of business similar to the Business.
- 12.8 **(Other insurance)** Each Spicers Group Member has at all material times been, and is at the date of this Deed adequately insured against, accident, damage, injury, third party loss (including product liability), loss of profits and any other risk normally insured by a prudent person operating the types of business similar to the Business.
- 13 Taxes and duties**
- 13.1 **(Withholding tax)** Any obligation on a Spicers Group Member under any Tax Law to withhold amounts at source has been complied with.

- 13.2 **(Compliance with Tax Law)** Each Spicers Group Member has complied with all obligations imposed on that Spicers Group Member by any Tax Law or as requested by any Governmental Agency.
- 13.3 **(Records)** Each Spicers Group Member and Spicers' Head Company has maintained proper and adequate records to enable it to comply in all material respects with its obligations to:
- (a) prepare and submit any information, notices, computations, returns and payments required in respect of any Tax Law;
 - (b) prepare any accounts necessary for compliance with any Tax Law;
 - (c) support any position taken by a Spicers Group Member; and
 - (d) retain necessary records as required by any Tax Law,
- and so far as Spicers is aware, such records are accurate in all material respects.
- 13.4 **(Returns submitted)**
- (a) Each Spicers Group Member and Spicers' Head Company has submitted any necessary information, notices, computations and returns to the relevant Governmental Agency in respect of any Tax or any Duty relating to the Spicers Group Members.
 - (b) So far as Spicers is aware, any information, notice, computation and return that has been submitted by the Spicers Group Member to a Governmental Agency in respect of any Tax:
 - (i) discloses all material facts required to be disclosed under any Tax Law;
 - (ii) is not misleading in any material particular; and
 - (iii) has been submitted with the relevant Governmental Agency.
- 13.5 **(No Tax audit)** Spicers is not aware of any pending or threatened Tax or Duty audit relating to a Spicers Group Member or Spicers' Head Company.
- 13.6 **(No disputes)** There are no disputes between a Spicers Group Member or Spicers' Head Company and any Governmental Agency in respect of any Tax or Duty.
- 13.7 **(Tax losses)** The tax losses of the Spicers' Tax Consolidated Group, as disclosed in the most recent lodged income tax return for the Spicers' Tax Consolidated Group are available for use prior to and up to the Implementation Date.
- 13.8 **(Public officer)** The office of public officer of each Spicers Group Member as required under any Tax Law has always been occupied.
- 13.9 **(Taxes paid)** All liabilities for Tax and Duty of each Spicers Group Member which are due and payable at or before the Implementation Date have been, or will be before the Implementation Date, paid in full by the due date.
- 13.10 **(Franking credits and imputation credits)**
- (a) No Spicers Group Member will have a franking account or imputation account deficit immediately after the Implementation Date. No act or omission of a Spicers Group Member at or before the Implementation Date will cause any Spicers Group Member to be liable for franking tax or imputation tax immediately after the Implementation Date.
 - (b) There will not be any franking debit or imputation debit to any Spicers Group Member's franking account or imputation account after the Implementation Date that relates to a transaction or arrangement entered into at or before Implementation Date.

13.11 (Stamping)

- (a) All documents and transactions entered into by a Spicers Group Member that are required to be stamped have been duly stamped.
- (b) All documents required to be created by a Spicers Group Member under a law relating to stamp duty or a Tax of a similar nature, have been created and have had stamp duty or other Taxes of a similar nature paid in full in accordance with all applicable laws.
- (c) No Spicers Group Member has in the last 5 years been a party to any transaction where an asset was transferred to a Related Body Corporate and relief from Duty was obtained.

13.12 (No tainting) The share capital account of each Spicers Group Member is not 'tainted' within the meaning of section 995-1 of the ITAA 1997.

13.13 (Consolidation)

- (a) Each Spicers Group Member incorporated in Australia will be taken to have been a member of Spicers' Tax Consolidated Group at all times on and from 1 July 2018.
- (b) PaperlinX SPS Trust and PaperlinX SPS LLC were eligible to join the Spicers' Tax Consolidated Group on 27 June 2017 and all things necessary in relation to PaperlinX SPS Trust and PaperlinX SPS LLC joining the Spicers' Tax Consolidated Group in accordance with the ITAA 1997 were completed.
- (c) No Spicers Group Member has at any time been a member of a Consolidated Group other than the Spicers' Tax Consolidated Group.
- (d) Spicers' Tax Sharing Agreement covers all Group Liabilities of Spicers' Tax Consolidated Group in the manner described in section 721 25 of the ITAA 1997.
- (e) Spicers' Head Company has not and will not make a choice under section 701-40 of the *Income Tax (Transitional Provisions) Act 1997* (Cth) that would result in a reduction in the tax cost setting amount of a depreciating asset held by a Spicers Group Member at the Implementation Date.
- (f) Spicers' Head Company has paid all Tax in respect of the period from 1 July 2018 to the Implementation Date that has become due and payable.

13.14 (GST)

- (a) Each Spicers Group Member has complied in all material respects with all laws, contracts, agreements or arrangements binding on it relating to GST and, where a Spicers Group Member has the right to require another party to any such agreement or arrangement to pay to it an amount on account of GST, it has enforced that right.
- (b) Each Spicers Group Member:
 - (i) that is required to be registered for GST under the GST Law is so registered;
 - (ii) has complied with the GST Law;
 - (iii) has adequate systems established for it to ensure it complies with the GST Law; and
 - (iv) is a member of Spicers' GST Group.
- (c) So far as Spicers is aware, the representative member of Spicers' GST Group has paid or accounted for all GST on supplies and importations made by that entity and has accounted to that entity for all input tax credits and decreasing adjustments for creditable acquisitions and creditable importations of that entity.

- (d) So far as Spicers is aware, for each period when a Spicers Group Member was not a member of Spicers' GST Group each Spicers Group Member or the representative member of the GST Group of which it was a member, has paid or accounted for all GST on supplies and importations for which that entity was liable and has always remitted correct net amounts relating to GST to the Commissioner of Taxation.
 - (e) So far as Spicers is aware, there is no contract, agreement or arrangement requiring a Spicers Group Member to supply anything where the consideration for the supply does not include an amount in respect of GST and that does not contain a provision enabling the Spicers Group Member as supplier to recover from the other party to the contract, agreement or arrangement an amount equal to the amount of GST payable on the supply.
 - (f) None of the Spicers Group Members have entered into any contract, deed, arrangement or understanding under which it made or will make financial supplies and for which its related financial acquisitions made or will make it exceed the financial acquisitions threshold.
 - (g) None of the Spicers Group Members have been paid any amount on account of, or in respect of, GST by any entity which it was not contractually entitled to be paid.
 - (h) None of the Spicers Group Members have entered into agreements or made elections or applications permitted by the relevant GST Act to allow them to:
 - (i) be registered as a participant in or operator of a GST Joint Venture (as defined in the GST Act);
 - (ii) be registered as 2 or more GST Branches (as defined in the GST Act);
 - (iii) supply or acquire an interest in land under the margin scheme; or
 - (iv) account for GST under Division 83 of the GST Act on acquisitions.
- 13.15 **(No Advance Pricing Arrangement)** No Spicers Group Member has entered into an Advance Pricing Arrangement that will apply with effect after the Implementation Date.
- 13.16 **(Book value of assets)** The value of each asset of the Spicers Group Members reflected in the Accounts is not more than the tax value of the asset (the tax value of the asset being the amount for which the Spicers Group Members could sell the asset to an unrelated party at the Accounts Date without giving rise to a Tax liability other than GST) other than:
- (a) goodwill, trading stock, future income tax benefits and prepayments;
 - (b) any depreciating asset as that term is defined in section 40-30 of the ITAA 1997;
 - (c) any security as that term is defined in section 159GP of the ITAA 1936; and
 - (d) any other receivable.
- 13.17 **(No adverse action)** No Spicers Group Member has taken any act, or failed to take any act, which may adversely affect any ruling or determination from a Governmental Agency in respect of Tax, which ruling or determination relates specifically to the activities or transactions of that, or another, Spicers Group Member after the Implementation Date.
- 13.18 **(Distribution Statements)** Each Spicers Group Member has provided distribution statements to its shareholders in accordance with its obligations under the Tax Law.
- 13.19 **(No Permanent Establishment)** None of the Spicers Group Members carry on business through a permanent establishment (as that expression is defined in either section 6(1) of the ITAA 1936

or Schedule 23 of the ITA 2007 or any relevant double taxation agreement) in any country other than the country of incorporation.

- 13.20 **(Anti-avoidance provisions)** No Spicers Group Member or Spicers' Head Company has knowingly entered into or been a party to any transaction which will cause any anti-avoidance provisions of any Tax Law to apply or which will allow a Governmental Agency, acting reasonably, to apply any such anti-avoidance provisions.

14 Asian Operations Sale Agreement, sale of Singapore Property or Tasmanian Properties

- 14.1 To Spicers' knowledge there are no facts, matters or circumstances which may lead to a Claim in relation to Vendor's Warranty (as defined in the Asian Operations Sale Agreement) or an indemnity under the Asian Operations Sale Agreement or arising from the sale of the Singapore Property or Tasmanian Properties.

Schedule 7**Spicers Capital Structure Details**

Spicers Limited

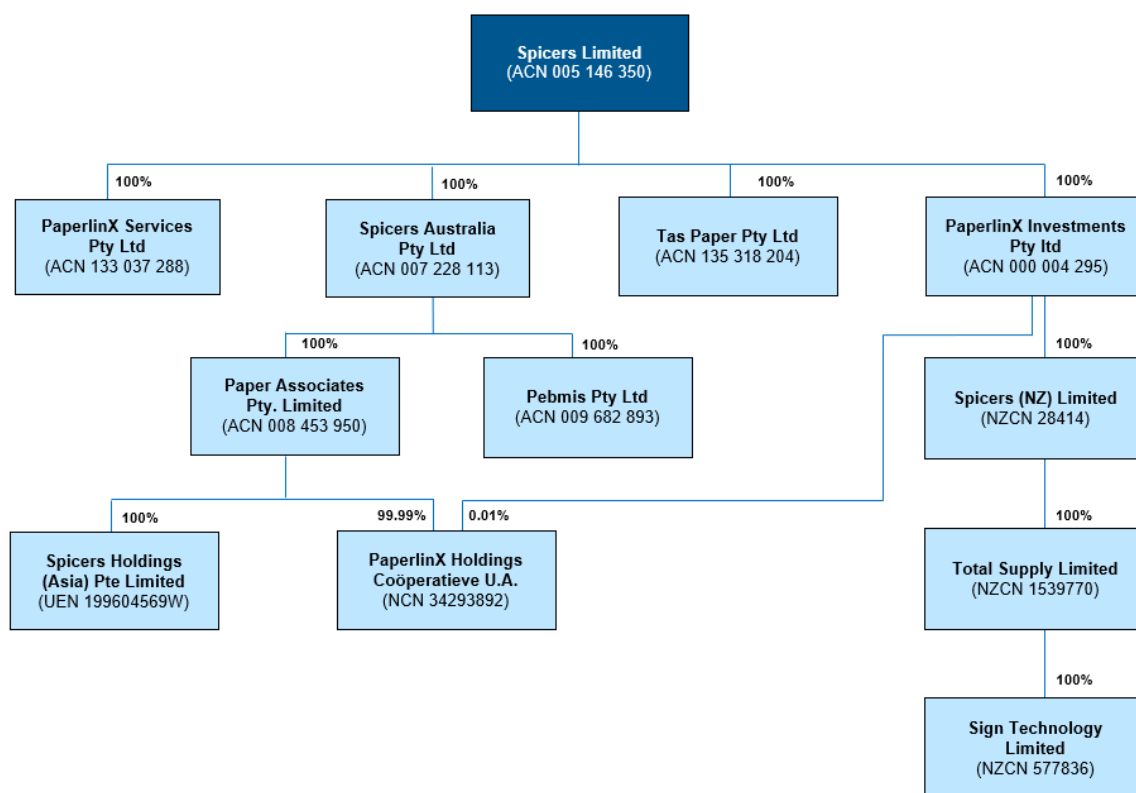
Security	Total number on issue	Maximum number of Spicers Shares
Spicers Shares	2,056,942,649	2,056,942,649
Spicers Options	1,039,100	1,039,100
Spicers Performance Rights ¹	50,200,000	50,200,000
Total		2,108,181,749

¹ The Spicers Performance Rights comprise:

- 40,200,000 performance rights on issue as at the date of this Deed; and
- 10,000,000 performance rights (approved by the Spicers Shareholders at the 2018 Annual General Meeting of Spicers) to be issued after the date of this Deed.

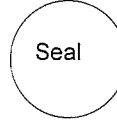
Schedule 8

Spicers Group Structure



Executed and delivered as a Deed in Sydney, New South Wales

Executed as a deed by Kokusai Pulp & Paper
Co., Ltd. in the presence of:

Handwritten signature of Madoka Tanabe in black ink.

Authorised signatory

MADOKA TANABE

Print Name

DIRECTOR OF THE BOARD
PRESIDENT AND CEO

Handwritten signature of Yasuyuki Sakata in black ink.

Witness

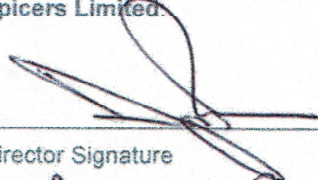
YASUYUKI SAKATA.

Print Name

DGM
GLOBAL BUSINESS ADMINISTRATION DIV.

Executed as a deed in accordance with
section 127 of the Corporations Act 2001 by
Spicers Limited.

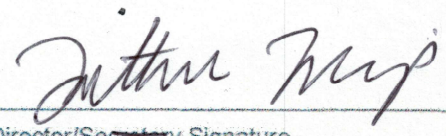
Director Signature



ANDY PREECE

Print Name

Director/~~Secretary~~ Signature



JONATHAN TRELLEP

Print Name