

Australia Brands Investment, LLC

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Companies Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000  
**BY FAX (1300 135 638)**

22 September 2015

Dear Sirs

**Unconditional on-market cash offer by Australia Brands Investment, LLC for The PAS Group Limited – bidder's statement**

In accordance with item 3 of section 635(1) of the Corporations Act (2001), we enclose a copy of the bidder's statement dated 22 September 2015 (**Bidder's Statement**) in respect of an unconditional on-market offer by Australia Brands Investment, LLC for all of the ordinary shares in The PAS Group Limited ACN 169 477 463 (**PAS**).

Canaccord Genuity (Australia) Limited is acting as broker to the offer.

A copy of the Bidder's Statement will today be lodged with the Australian Securities and Investments Commission and sent to PAS.

For any media queries, please contact Tim Duncan on +61 3 9600 1979, +61 408 441 122 or [tduncan@hintons.com.au](mailto:tduncan@hintons.com.au).

Yours sincerely



Adam Gray

For and on behalf of Australia Brands Investment, LLC

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

You should read this document in its entirety. If you are in any doubt as to how to deal with it, you should consult your legal, financial or other professional adviser as soon as possible. If you have any questions about the Offer or this document or about how to accept the Offer, please call 1300 389 344 (callers in Australia) or +61 3 9415 4621 (callers outside Australia).

# **BIDDER'S STATEMENT**

## **UNCONDITIONAL ON MARKET CASH OFFER BY**

### **AUSTRALIA BRANDS INVESTMENT, LLC**

**TO PURCHASE ALL OF YOUR FULLY PAID ORDINARY SHARES IN**

### **THE PAS GROUP LIMITED**

### **ACN 169 477 463**

**FOR \$0.63 IN CASH FOR EACH FULLY PAID ORDINARY SHARE IN THE PAS GROUP  
LIMITED (PAS)**

**THE OFFER PRICE FOR EACH PAS SHARE IS FINAL AND WILL NOT BE INCREASED  
DURING THE OFFER PERIOD IN THE ABSENCE OF A COMPETING PROPOSAL**

**TO ACCEPT THIS OFFER PLEASE INSTRUCT YOUR BROKER TO SELL YOUR  
SHAREHOLDING TO AUSTRALIA BRANDS INVESTMENT, LLC (ABI). ABI HAS  
APPOINTED CANACCORD GENUITY (AUSTRALIA) LIMITED AS ITS BROKER TO STAND  
IN THE MARKET TO ACQUIRE ON BEHALF OF ABI ALL SHARES IN PAS OFFERED AT  
THE OFFER PRICE**

#### **FURTHER INFORMATION**

Please call 1300 389 344 (callers in Australia) or +61 3 9415 4621 (callers outside Australia) between 8:30am and 5:00pm Monday to Friday (AEST) if you require assistance with accepting the Offer.

Canaccord Genuity (Australia) Limited (ABN 19 075 071 466/AFSL 234666) has been appointed as on-market broker for Australia Brands Investment, LLC and will stand in the market and accept PAS Shares offered to it at the Offer Price from 22 September 2015.

**The Offer Period will officially commence on 7 October 2015 and will end on 9 November 2015, unless extended.**

# Important Information and Notices

## Bidder's Statement

This document is a Bidder's Statement given by Australia Brands Investment, LLC (ABI) to The PAS Group Limited ACN 169 477 463 (PAS) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act.

This Bidder's Statement is dated 22 September 2015.

The Offer relates to all PAS Shares that exist or will exist at any time during the Offer Period excluding PAS Shares held by ABI and its Associates.

## ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and ASX on 22 September 2015. None of ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Bidder's Statement.

## Investment decisions

You should read all of this Bidder's Statement before deciding whether to accept the Offer. The information provided in this Bidder's Statement is not investment advice and does not take into account your individual investment objectives, financial situation or particular needs. You should therefore seek your own independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

## Forward looking statements

This Bidder's Statement contains certain forward looking statements, statements of current intention (which include those in Section 7 of this Bidder's Statement), statements of opinion and predictions as to possible future events.

You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties are not all within the control of ABI and cannot be predicted by ABI. These include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which ABI and PAS and their respective associated companies operate. They also include general economic conditions, acts of terrorism, prevailing exchange rates and interest rates and conditions in the financial markets that may cause objectives to change or may cause outcomes not to be realised. Although ABI believes that the expectations reflected in any forward looking statements included in this Bidder's Statement are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual outcomes may differ materially from the events or results expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement in this Bidder's Statement.

None of ABI, or its respective officers, or persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

## Offers outside Australia

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly,

persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

## Information on PAS

All information in this Bidder's Statement relating to PAS has been prepared by ABI using information included in public documents filed by PAS or published by PAS on its website. None of the information in this Bidder's Statement relating to PAS has been verified by PAS or independently verified by ABI for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, ABI does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on PAS in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of PAS to provide a Target Statement to PAS's Shareholders in response to this Bidder's Statement, setting out certain material information concerning PAS.

## Privacy Statement

ABI has collected your information from the register of PAS's Shareholders for the purposes of making the Offer and, if accepted, administering your holding of PAS Shares. The Corporations Act requires the names and addresses of PAS Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to ABI's related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC. The registered office of ABI is One Station Place, 7<sup>th</sup> Floor South, Stamford, CT 06902-6800, USA. You can contact ABI for details of the information held by it about you.

## Rounding

A number of figures, amounts, percentages, prices, estimates and calculations of value in this Bidder's Statements are subject to the effects of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Bidder's Statement.

## Defined Terms

Unless otherwise noted, capitalised terms used in this Bidder's Statement are defined in the Glossary in Section 12. Section 12 also sets out certain rules of interpretation which apply to this Bidder's Statement.

## Time

All references to time in this Bidder's Statement are to Australian Eastern Standard Time.

## Information regarding the Broker to the Offer

Canaccord Genuity (Australia) Limited ABN 19 075 071 466 AFSL No. 234666, an ASX and Chi-X Australia market participant, is the broker to the Offer.

## Enquiries

If you are in doubt about how to deal with this document, you should consult your broker or your legal, financial or other professional adviser.

Should you have any questions about the Offer or how to accept it, please call the shareholder information line between 8.30am and 5.00pm Monday to Friday (AEST) on 1300 389 344 (callers in Australia) or +61 3 9415 4621 (callers outside Australia).

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**Important Dates**

Announcement of the Offer	22 September 2015
Bidder's Statement lodged with ASIC	22 September 2015
PAS Shareholders able to sell PAS Shares to ABI	22 September 2015
Offer Period officially commences	7 October 2015
Offer closes (unless extended or withdrawn)	9 November 2015

## Australia Brands Investment, LLC

One Station Place  
7<sup>th</sup> Floor South  
Stamford, Connecticut 06902-6800  
United States of America

## Bidder's Letter

22 September 2015

Dear PAS Shareholder:

Coliseum Capital Management, LLC (**Coliseum**) is an investment manager to Coliseum Capital Partners, L.P., Blackwell Partners LLC, Series A, Coliseum Capital Partners II, L.P. and Coliseum Capital Co-Invest, L.P. (**Clients**) who in aggregate are (except for Coliseum Capital Co-Invest, L.P.) the beneficial owners of approximately 19.23% of the issued ordinary share capital of The PAS Group Limited ACN 169 477 463 (**PAS**). With a supportive view of PAS's strategy and management, the Clients wish to acquire additional shares of PAS. As such, the Clients have established Australia Brands Investment, LLC (**ABI**), which is a newly incorporated Delaware limited liability company of which Coliseum is its investment manager, and ABI is pleased to enclose this Bidder's Statement which contains an offer by ABI to acquire all of the issued fully paid ordinary shares of PAS that the Clients do not already beneficially own. This offering of \$0.63 in cash for each of your PAS Shares is a significant premium to the last trading price of PAS Shares prior to the date of the Bidder's Statement, is unconditional and will remain open until 9 November 2015 unless extended or withdrawn. If you wish to sell some but not all of your PAS Shares, you are permitted to do so.

ABI provides this Bidder's Statement to the extent shareholders desire to sell their PAS Shares in connection with this Offer. This unconditional Offer by its nature is not predicated upon 100% ownership in PAS and ABI and the Clients intend to continue to be a supportive shareholder of PAS even if they were to ultimately acquire in aggregate less than a majority ownership in PAS as part of this process.

Coliseum has deep experience in investing in the equity and debt of private and public companies across a wide range of industries, and has a long track record of working constructively with strong management teams to enhance value for all company stakeholders, including shareholders, customers and employees. Coliseum's investment strategy emphasises patience and the support of long-term value creation at the companies in which it invests. Further information regarding Coliseum is set out in Section 5 of this Bidder's Statement.

Beginning several months before the initial investment by the Clients in PAS (December 2014) and since that time, Coliseum (on behalf of the Clients) has devoted a substantial amount of time towards learning about PAS's business, including conducting an extensive analysis of its retail, wholesale and e-commerce operations, through information that PAS has publicly disclosed. Coliseum has also established what it believes to be a positive relationship with certain members of PAS's management team and Board of Directors.

Based on Coliseum's extensive research and its discussions with leadership at PAS, ABI believes that PAS is well positioned with seasoned management and a talented employee base to drive profitable growth, and that PAS's ownership of a collection of storied Australian brands and ability to fill an underserved niche in the Australian market has the potential to continue creating meaningful value.

ABI is supportive of the strategy executed by management and the Board to date and, going forward, believes the following areas of focus continue to offer significant opportunity for PAS to create further value:

- continued investment in the brick and mortar store presence;
- increased investment to enhance the existing fleet of retail locations;
- further development of digital assets and capabilities;
- new licensing opportunities with international brands; and
- expansion into new global markets.

Toward this end, ABI believes that Coliseum's operating experience, broad relationships and access to capital would be assets in helping PAS chart and execute against the best path forward.

In relation to the Offer, we believe that the reasons for accepting it include:

- The Offer is at a premium to the last trading price prior to announcement of the Offer and is approximately 20% and 19.5% higher than the volume weighted average price of PAS Shares for the 30 and 60 Trading Days, respectively, prior to the announcement of the Offer;
- Given the current lack of liquidity in PAS Shares, the Offer provides an opportunity for shareholders to immediately realise cash consideration for their investment in PAS;
- PAS's Shares currently trade at low volumes and trading may be even less liquid following the Offer if ABI acquires a material shareholding in PAS through the Offer;
- The offer price for your PAS Shares will be paid to you in cash, enabling you to realise certain and immediate value for your PAS Shares;
- As the Offer is unconditional, you can sell your PAS Shares to ABI immediately and receive cash three Trading Days after your acceptance; and
- The Offer removes any risks and uncertainties that could otherwise affect the future value of your PAS Shares.

The Offer is being made by way of an on-market offer by ABI. Particulars of the Offer were set out in an announcement by ABI's appointed broker, Canaccord Genuity, to ASX on the date of this Bidder's Statement. A copy of the Broker announcement is set out at Appendix A to this Bidder's Statement.


The Offer is scheduled to close at 4.00 pm AEST on 9 November 2015, unless it is extended by ABI in accordance with the Corporations Act.

ABI has instructed Canaccord Genuity to purchase all PAS Shares offered for sale on the ASX during the Offer Period at a price of \$0.63 per share.

To accept the Offer with respect to some or all of your PAS Shares, please follow the instructions set out in Section 4 of the Bidder's Statement. Importantly, you may sell only some (and not all) of your PAS Shares if you wish to do so.

The Bidder's Statement contains important information which you should read in full. If you have any questions about the Offer, please contact your legal, financial or other professional adviser or call the Offer Information Line on 1300 389 344 (callers in Australia) or +61 3 9415 4621 (callers outside Australia) Monday to Friday between 8.30am and 5.00pm (AEST).

Yours faithfully



**Adam Gray**

**For and on behalf of Australia Brands Investment, LLC**

## Features of the Offer

This summary provides an overview of the Offer and is qualified by the detailed information contained in this Bidder's Statement. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer.

<b>The Bidder</b>	The bidder is ABI. For further details about the bidder, please refer to Section 5 of this Bidder's Statement.
<b>Offer</b>	\$0.63 in cash per PAS Share for all of your PAS Shares (although you may sell some, and not all, of your PAS Shares if you wish to do so).
<b>Closing Date</b>	The Offer closes at the end of trading on 9 November 2015, unless it is extended or withdrawn by ABI.
<b>Payment terms</b>	The usual rules of settlement of transactions that occur on-market on ASX will apply in respect of ABI's purchase of PAS Shares on-market. This means that if you accept the Offer, you will be paid on a T+3 Basis (being within 3 Trading Days of your acceptance).
<b>Conditions</b>	The Offer is not subject to any conditions.



## 1 REASONS TO ACCEPT THE OFFER

There are a number of reasons why you should accept the Offer. These include:

***The Offer represents a significant premium to PAS's trading price over the last 3 months***

The amount payable by ABI under the Offer of \$0.63 per PAS Share represents a premium of approximately 21.2% to the closing price of PAS's Shares on 21 September 2015 of \$0.52, being the last full day of trading prior to the Announcement Date.

The Offer also represents a premium of:

- approximately 20% to the 30 Business Day Volume Weighted Average Price (**VWAP**) of PAS Shares prior to the Announcement Date of \$0.5251; and
- approximately 19.5% to the 60 Business Day VWAP of PAS Shares prior to the Announcement Date of \$0.5272.

Recent trading prices for PAS Shares are set out in Section 8.

***The Offer is unconditional and you can sell any or all of your PAS Shares immediately***

There are no conditions attached to the Offer and you can sell any or all of your PAS Shares for 100% consideration at \$0.63 cash per PAS Share on market now.

Canaccord Genuity will be standing in the market on behalf of ABI to acquire PAS Shares offered to it, at the Offer Price, from the Announcement Date.

Section 4 of this Bidder's Statement provides instructions on how you may accept the Offer.

***Accepting the Offer enables you to realise certain and immediate value for any or all of your PAS Shares through 100% cash consideration***

The Offer is unconditional and is to acquire all of your PAS Shares for 100% cash consideration. However, if you wish to sell only some (and not all) of your PAS Shares, you are permitted to do so. Consequently, if you accept the Offer you will receive \$0.63 in cash for each PAS Share you sell. You will be paid on a T+3 Basis (i.e., you will be paid on the third Trading Day after you accept the Offer). The certainty of this receipt of cash should be compared with the uncertainties of, and risks associated with, remaining a PAS Shareholder. You can choose, in effect, between an all-cash offer of certain value which is available now and future uncertain value by retaining your PAS Shares.

***Liquidity***

PAS Shares currently trade at low volumes on ASX. The average daily trading volume for PAS Shares in the last three months prior to the date of this Bidder's Statement was less than 100,000 shares. As a result, in the absence of the Offer there is no guarantee that PAS Shareholders would be able to liquidate all of their shareholding in PAS on market in a single transaction. The Offer provides you with an opportunity to dispose of all of your PAS Shares in a single transaction for certain cash value.

***Risks associated with being a minority shareholder in PAS***

ABI and its Associates (in aggregate) have Voting Power in approximately 19.23% of PAS's issued share capital as at the date of this Bidder's Statement.

Any increase in ABI's (and its Associates) Voting Power in PAS, particularly a material increase, may cause ABI together with its Associates to obtain effective control of PAS. ABI's intentions in these circumstances are set out in Section 7 of this Bidder's Statement. In particular, ABI may, and in some scenarios intends to, seek board representation on the PAS Board to the extent appropriate to reflect ABI's (and its Associates') aggregate Voting Power in PAS. While nominees of ABI appointed to the PAS Board will, at all times, act in accordance with their fiduciary duties, the presence of a controlling shareholder with board representation gives rise to a risk that PAS is considered a less attractive investment. For example, the market may perceive that control transactions are less likely, and if ABI was successful in applying to ASX to delist PAS (if it decided to do so), this may have a material effect on the value of PAS Shares.

Therefore, by not accepting the Offer, there is a risk that PAS Shareholders may become minority shareholders in an unlisted public company.

If ABI decides not to seek a delisting of PAS or if a delisting application to ASX is unsuccessful there is a risk that trading in PAS Shares will be even less liquid than it has been historically.

## 2 FREQUENTLY ASKED QUESTIONS ABOUT THE OFFER

The table below answers some key questions that you may have about the Offer. These answers are qualified by, and should be read in conjunction with, the detailed information contained in this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

If you have further questions please call the Offer Information Line on 1300 389 344 (callers in Australia) or +61 3 9415 4621 (callers outside Australia) Monday to Friday between 8.30am and 5.00pm (AEST).

QUESTION	ANSWER
<b>What is the Offer?</b>	ABI is offering to buy all of your PAS Shares by way of an on-market takeover bid for \$0.63 cash for each PAS Share that you own.
<b>When can I sell my PAS Shares to ABI</b>	You can sell your PAS Shares on ASX to ABI <u>immediately</u> . Canaccord Genuity will stand in the market on behalf of ABI and purchase all PAS Shares offered for sale on ASX at the Offer Price until 9 November 2015, being the date the Offer is scheduled to close (unless extended or withdrawn by ABI in accordance with the Corporations Act).
<b>If I accept the Offer, when will I be paid?</b>	The usual rules for settlement of transactions which occur on ASX will apply in respect of ABI's purchase of PAS Shares under the Offer. This means that, if you accept the Offer, you will be paid on a T+3 Basis (ie, you will receive the cash for the sale of your PAS Shares three Trading Days after the sale).
<b>Who is making the Offer?</b>	The bidder under the Offer is ABI, a limited liability company incorporated in Delaware, USA. Further information on ABI is set out in Section 5 of this Bidder's Statement.
<b>Why have I received this document?</b>	This document is a Bidder's Statement. It has been prepared by ABI and has been sent to you because you are recorded as a shareholder of PAS. It sets out the terms of the offer by ABI to purchase your PAS Shares and information that is relevant to your decision as to whether to accept or reject the Offer. You may wish to consult your legal, financial or other professional adviser concerning the content and implications of this Bidder's Statement.
<b>How do I accept the Offer?</b>	The Offer can only be accepted by selling some or all of your PAS Shares on ASX through your Broker to Canaccord Genuity, acting on behalf of ABI, before the end of the Offer Period. You are not required to complete an application form to accept the Offer.  If your PAS Shares are registered in an Issuer Sponsored Holding (your SRN starts with an "I"), you may instruct a Broker of your choice to sell your PAS Shares and accept the Offer on your behalf.  If your PAS Shares are held in a CHESS Holding (your HIN starts with an "X"), you will need to instruct your Broker to accept the Offer for you.  Further information on how to accept the Offer is set out in Section 4 of this Bidder's Statement.
<b>Are there any conditions of the Offer?</b>	No. The Offer is an unconditional cash offer.

QUESTION	ANSWER
<b>Do I have to pay brokerage or stamp duty if I accept?</b>	<p>You will not pay stamp duty on the disposal of your PAS Shares if you accept the Offer.</p> <p>If your PAS Shares are registered in an Issuer Sponsored Holding (your SRN starts with an "I") in your name and you instruct a Broker to initiate acceptance on your behalf, you should ask the relevant Broker whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p> <p>If your PAS Shares are registered in a CHESS Holding (your HIN starts with an "X"), or if you are a beneficial owner whose PAS Shares are registered in the name of a Broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p>
<b>What will happen if I don't accept the Offer?</b>	<p>If you do not accept the Offer, you will continue to hold your PAS Shares.</p> <p>However, if ABI becomes entitled to compulsorily acquire your PAS Shares, it intends to do so. If this occurs, you will be paid the Offer Price at the end of the compulsory acquisition process. Please see Section 7 of this Bidder's Statement for further information.</p>
<b>What are the tax consequences of accepting the Offer?</b>	<p>A general summary of the likely Australian tax consequences of accepting the Offer is set out in Section 10 of this Bidder's Statement. You should not rely on that summary as advice for your own affairs.</p> <p>You should consult your taxation advisor for detailed taxation advice before making a decision as to whether or not to accept the Offer for your PAS Shares.</p>
<b>When does the Offer close?</b>	<p>The Offer is currently scheduled to close at 4.00pm (AEST) on 9 November 2015, unless it is extended or withdrawn by ABI in accordance with the Corporations Act.</p>
<b>Can the Offer Period be extended?</b>	<p>Yes, the Offer Period can be extended by ABI in accordance with the Corporations Act. PAS Shareholders will be sent written notice of any extension, and the extension will be announced on ASX.</p>
<b>Will ABI increase the Offer Price?</b>	<p>The Offer Price of \$0.63 for each PAS Share will not be increased during the Offer Period in the absence of a competing proposal.</p>
<b>What is the effect of the Offer on PAS Options?</b>	<p>The Offer relates to PAS Shares which are issued following the exercise of PAS Options which have vested prior to the close of the Offer Period.</p> <p>No separate takeover offer is being made for PAS Options (or any other securities that confer rights to be issued PAS Shares). Please see Sections 7.8 and 8 for further information.</p>

### **3 OVERVIEW OF THE OFFER**

#### **3.1 The Offer - on-market takeover bid**

As disclosed to ASX by the Broker Announcement made by Canaccord Genuity on 22 September 2015 (see Appendix A to this Bidder's Statement), ABI will make Offers pursuant to an on-market takeover bid to purchase all PAS Shares that exist and are listed for quotation on ASX or will exist at any time during the Offer Period (excluding all PAS Shares held by ABI and its Associates) for \$0.63 cash per share on the terms and conditions set out in this Bidder's Statement. While the offer is for all PAS Shares, if a PAS Shareholder wishes to sell some only (and not all) of their PAS Shares, the PAS Shareholder is permitted to do so.

As disclosed in the Broker Announcement to ASX on 22 September 2015, Canaccord Genuity will make the Offers on behalf of ABI on ASX during the Offer Period.

#### **3.2 No Conditions**

The Offer is not subject to any conditions.

#### **3.3 Options**

The Offer will not extend to the acquisition of any PAS Options (or any other securities that confer rights to be issued PAS Shares). However, the Offer will extend to all PAS Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the exercise of any PAS Options (or any other securities that confer rights to be issued PAS Shares).

#### **3.4 How the market Offers will be made**

The Offer will be made on behalf of ABI by Canaccord Genuity through ASX.

Canaccord Genuity, on behalf of ABI, will stand in the market and purchase all PAS Shares offered to it for sale on ASX at the Offer Price from the time trading in PAS Shares commences on the Announcement Date, on the same terms of the Offer.

#### **3.5 Persons to whom the Offer is made**

The Offer is open to all holders of PAS Shares to which ABI (or its Associates) is not already entitled.

#### **3.6 Offer Period**

From the time trading in PAS Shares commences on the Announcement Date, Canaccord Genuity will stand in the market to acquire on behalf of ABI all PAS Shares offered to it at the Offer Price, prior to the Offer Period.

The Offer will officially commence at the start of trading on ASX on 7 October 2015 and will end at the close of trading on ASX on 9 November 2015 (unless extended or withdrawn by ABI).

#### **3.7 Extension of Offer Period**

ABI may, at its discretion and in accordance with the Corporations Act, extend the Offer Period.

#### **3.8 Offer Price**

The Offer Price of \$0.63 for each PAS Share will not be increased during the Offer Period in the absence of a competing proposal.

#### **3.9 Payment Date**

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of ABI's purchase of PAS Shares pursuant to the Offer. This means that if you accept the Offer, you will be paid on a T+3 Basis (being within three Trading Days after your acceptance).

### **3.10 Brokerage and other costs**

As the Offer by ABI is pursuant to an on-market takeover bid, Offers will be made during normal trading on ASX. Accepting PAS Shareholders may only accept the Offer through Brokers who are members of ASX. Any brokerage fees charged by such Brokers will be the sole responsibility of the accepting PAS Shareholder. ABI will bear its own brokerage fees, if any, on transfers of PAS Shares acquired through acceptances of the Offer.

No stamp duty or GST will be payable by you on the transfer of PAS Shares pursuant to the Offer (other than GST payable to your Broker in respect of brokerage fees charged to you).

### **3.11 Withdrawal of Offer**

ABI may withdraw the Offer in respect of any unaccepted Offers at any time:

- with the written consent of ASIC and subject to the conditions (if any) specified in such consent; or
- where a Prescribed Occurrence occurs, if at the time of the Prescribed Occurrence ABI's Voting Power in PAS is at or below 50%; or
- upon the occurrence of an Insolvency Event in relation to PAS (regardless of ABI's Voting Power in PAS).

Notice of withdrawal of the Offer must be given by ABI to ASX.

### **3.12 Variation of Offer**

ABI may vary the Offer in accordance with the Corporations Act. If a PAS Shareholder has sold its PAS Shares prior to any such variation, that PAS Shareholder will not receive any benefit from the variation.

### **3.13 Jurisdiction**

The Offer and any contract that results from a PAS Shareholder's acceptance of the Offer are governed by the laws of Victoria.

#### 4 HOW TO ACCEPT THE OFFER

PAS Shareholders may sell their PAS Shares to ABI on-market by offering to sell some or all of their PAS Shares on ASX at the Offer Price on and from the Announcement Date until the end of the Offer Period.

Canaccord Genuity will stand in the market to acquire on behalf of ABI all PAS Shares offered at the Offer Price during normal trading on ASX on and from the Announcement Date, as follows:

- ***If you hold your PAS Shares in an Issuer Sponsored Holding (your SRN starts with an "I")*** - To sell your PAS Shares to ABI you must instruct any Broker to initiate acceptance;
- ***If you hold your PAS Shares in a CHESS Holding (your HIN starts with an "X")*** - To sell your PAS Shares to ABI you must instruct your Controlling Participant (for example, your Broker) to initiate acceptance; or
- ***If you are a Broker or a Participant*** - To sell your PAS Shares to ABI you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules.

You are not required to complete an application form to accept the Offer.

**You are not required to sell all of your PAS Shares and may elect to sell some only of your PAS Shares.**

## **5 INFORMATION ON ABI**

### **5.1 Overview of ABI**

ABI is a limited liability company incorporated in Delaware, USA.

ABI is owned by Coliseum Capital Partners, L.P., Coliseum Capital Partners II, L.P., Blackwell Partners, LLC, Series A and Coliseum Capital Co-Invest, L.P. in different ownership proportions. ABI has not traded since its establishment and does not have any employees. The investment manager of ABI is Coliseum Capital Management, LLC (**Coliseum**).

ABI's head office is located in Stamford, Connecticut.

ABI was established as a special purpose vehicle for the purpose of acquiring PAS Shares in connection with the Offer.

### **5.2 Overview of Coliseum**

Coliseum is an investment adviser that was established in 2006 by Adam Gray and Christopher Shackelton and is headquartered in Stamford, Connecticut, USA.

Coliseum has an advisory relationship with each of the Clients and is the sole manager of ABI. As the sole manager of ABI, Coliseum has full authority to act on behalf of ABI.

Coliseum, on behalf of its clients manages investments in debt and equity securities issued by public and private companies. To date, Coliseum (on behalf of its clients) has primarily managed investments in securities issued by companies domiciled in North America. Coliseum's investment strategy emphasises patience and Coliseum is focused on being a long-term, constructive partner to the companies that are part of its clients' investment portfolios. To that end, where appropriate, principals of Coliseum have, in the past, agreed to assume formal board-level responsibilities to more directly contribute strategic, operating and financial expertise to such investment portfolio companies.

Coliseum is managed by its Managers who are Adam Gray and Christopher Shackelton. Mr Gray is a Managing Partner at Coliseum which, as noted above, he co-founded in 2006. Prior to Coliseum, Mr Gray had approximately 20 years of private equity and operating management experience. Since 2008, Mr Gray has served on the boards of several publicly-listed and private companies. Mr Gray received a BSE in Finance from the Wharton School, and a BS in Mechanical Engineering from the University of Pennsylvania.

Mr Shackelton is a Managing Partner at Coliseum which, as noted above, he co-founded in 2006. Previously, Mr Shackelton worked at Watershed Asset Management and Morgan Stanley & Co. Since 2008, Mr Shackelton has served on the boards of several publicly-listed and private companies. Mr Shackelton received a BA in Economics from Yale College.

### **5.3 Other relevant information**

At various times during the last 12 months Coliseum had preliminary discussions with members of the PAS Board in relation to potential opportunities for Coliseum and PAS to work together. However, no such opportunities were pursued or ultimately eventuated.



## **6 INFORMATION ABOUT PAS**

### **6.1 Disclaimer**

Information in this Bidder's Statement about PAS has been prepared based on publicly available information. The publicly available information has not been independently verified by ABI and accordingly, subject to the Corporations Act, ABI does not make any representation or give any express or implied warranty as to the accuracy or completeness of this information. The information on PAS in this Bidder's Statement should not be considered to be comprehensive.

### **6.2 Publicly available information**

Before accepting the Offer, you should also consider any publicly available information regarding PAS including information available on its website ([www.thepasgroup.com.au](http://www.thepasgroup.com.au)), announcements made to the ASX by PAS (which may be viewed at [www.asx.com.au](http://www.asx.com.au)) and the Target's Statement that PAS is required to provide to you under the Corporations Act. Information contained in or otherwise accessible from any website referred to in this Section 6.2 does not form part of this Bidder's Statement.

Being a company listed on ASX, PAS is subject to the periodic and continuous disclosure requirements of the Corporations Act and Listing Rules. For more information concerning the financial position and affairs of PAS, you should refer to the full range of information that has been disclosed by PAS pursuant to those obligations. A copy of PAS's Annual Report for the year ended 30 June 2015 was lodged with the ASX on 18 September 2015.

### **6.3 Overview of PAS and its principal activities**

PAS is an Australian public company listed on the ASX (ASX: PGR). PAS was incorporated in November 2004 and listed on the ASX on 16 June 2014.

According to PAS's public disclosures, PAS operates a portfolio of 23 leading and diverse apparel brands. It serves a broad customer demographic with distribution spanning multiple sales channels including approximately 275 stores and department store concessions under its Review, Metalicus and Black Pepper brands, a wholesale business and a rapidly growing online business. Its wholesale business incorporates owned retail brands such as Black Pepper, Metalicus, Yarra Trail and Marco Polo as well as several licensed brands designed and distributed through its Designworks operation including Mooks, Everlast and Slazenger, sold through department stores and discount department stores as well as over 1,000 independent retail outlets. PAS operates a fully integrated supply chain with considerable in-house design capabilities in Australia and established direct sourcing relationships<sup>1</sup>.

### **6.4 Directors and Senior Management**

As at the date of this Bidder's Statement, based on PAS's public disclosures, the directors of PAS are:

#### ***Rod Walker: Non-Executive Chairman***

Rod Walker was appointed chairman of PAS in October 2011. Mr Walker has had over 30 years' experience in a variety of businesses, working in Australia, the USA and Canada. He currently sits on several boards as both a Chairman and Non-Executive Director.

<sup>1</sup> ASX and Media Release of The PAS Group Limited ACN 169 477 463, 'ASX Release – FY2015 Full Year Results' dated 28 August 2015.

***Eric Morris: Managing Director and CEO***

Eric Morris has been CEO since 2005 and has led six of PAS's acquisitions and the integration of PAS's eight businesses. Mr Morris has 35 years' industry experience having held senior executive positions in both major international and national companies.

***Jacquie Naylor: Non-Executive Director***

Jacquie Naylor was appointed to the PAS Board in May 2014. Ms Naylor has over 30 years of experience in the consumer and retail industry, with a significant track record of board and executive positions.

***David Fenlon: Non-Executive Director***

David Fenlon was appointed to the PAS Board in April 2013. Mr Fenlon has held a number of Managing Director and senior executive positions across the retail industry and is currently Managing Director of Blackmores Australia and New Zealand.

***Jon Brett: Non-Executive Director***

Jon Brett was appointed to the PAS Board in May 2014. Mr Brett has extensive experience in the areas of management, operations, finance and corporate advisory and his experience includes several years as managing director of a number of publicly listed companies.

## **7 INTENTIONS OF ABI**

### **7.1 Overview**

This Section 7 sets out ABI's intentions, on the basis of the facts and information concerning PAS which are known to it and the existing circumstances affecting the business of PAS, as at the date of this Bidder's Statement, in relation to:

- the continued operation of the business of PAS;
- any major changes to be made to the business of PAS including any redeployment of the fixed assets of PAS; and
- the future employment of the present employees of PAS.

### **7.2 Review**

The intentions, views, estimations, undertakings and beliefs of Coliseum and the members of ABI are wholly consistent with the intentions, views, estimations, undertakings and beliefs of ABI (and vice versa).

ABI has reviewed information that is publicly available concerning PAS and its businesses and assets.

While Coliseum (as investment manager to the Clients) and members of the PAS Board have had preliminary discussions at various times over the last 12 months concerning the operation of PAS's business and discussed various ways in which they could potentially work together, neither ABI nor Coliseum has undertaken formal due diligence on PAS and therefore ABI does not currently have knowledge of all material information, facts and circumstances that may be necessary to enable it to assess all of the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

At the conclusion of the Offer Period, ABI will, to the extent that information is available to it, conduct a review of PAS and its operations, assets, liabilities, structure and employees, following which it will review its intentions set out in this Section 7. Final decisions will only be reached after that review has been concluded and the results evaluated and in light of all material information, facts and circumstances that exist at the time.

Consequently, the statements set out in this Section 7 are statements of ABI's current intentions only and may vary as circumstances and further information arise. The statements in this section should be read in this context.

Under the Offer, ABI may or may not acquire 100% of the PAS Shares that the Clients do not already own. As at the date of this Bidder's Statement, ABI has no plan to pursue a further on market offer in relation to the PAS Shares in the future, but it has not ruled out doing so at its discretion (and therefore reserves the right to do so) including, for example, within six months of the end of the Offer Period.

### **7.3 Intentions upon acquiring 90% or more of PAS Shares**

ABI's intentions if it (and its Associates) acquires a relevant interest in 90% or more of PAS's Shares and is entitled to proceed to compulsory acquisition of the outstanding PAS Shares are set out below:

#### Compulsory acquisition

In the event ABI becomes entitled to do so under the Corporations Act, it intends to:

- give notices to PAS Shareholders to compulsorily acquire outstanding PAS Shares (including any PAS Shares which are issued as a result of the exercise of PAS Options or any other securities that confer rights to be issued PAS Shares) after the end of the Offer Period and in the six weeks after ABI gives compulsory acquisition notices in accordance with section 661B of the Corporations Act; and/or

- if permitted, give notices to PAS Shareholders and PAS Option Holders (and, if applicable, the holders of any other securities that confer rights to be issued PAS Shares) to compulsorily acquire all outstanding PAS Shares and PAS Options (and, if applicable, any other securities that confer rights to be issued PAS Shares) in accordance with section 664C of the Corporations Act.

If it is required to do so under sections 662A and 663A of the Corporations Act, ABI will give notice to PAS Shareholders and PAS Option Holders (and, if applicable, the holders of any other securities that confer rights to be issued PAS Shares) offering to acquire their PAS Shares and PAS Options (and, if applicable, any other securities that confer rights to be issued PAS Shares) in accordance with sections 662B and 663B of the Corporations Act, respectively.

#### ASX Listing

At the conclusion of the compulsory acquisition process, ABI intends to arrange for PAS to be removed from the Official List of ASX (subject to any required approvals on the part of ASX), thereby eliminating the corporate administration costs associated with maintaining PAS as a listed company.

#### Directors

ABI intends to review and evaluate the current composition of the PAS Board to ensure that it is primarily comprised of directors who have the appropriate skills and experience to effectuate the objectives and goals outlined below. In addition, ABI intends to modify the composition of the existing PAS Board to ensure that its ownership is appropriately reflected at the Board level. ABI will appoint certain new nominee directors to the PAS Board to replace some of the existing directors of PAS. ABI may also seek to replace some or all of the directors of PAS's subsidiary companies and directors of companies in respect of which PAS has nominated directors. ABI is not in a position to determine which directors will be replaced as it has not as at the date of this Bidder's Statement had the opportunity to properly review and evaluate the current composition of the PAS Board or the board of any of PAS's subsidiaries.

#### PAS's business, assets and employees

Following the end of the Offer Period, if ABI is entitled to compulsorily acquire outstanding PAS Shares, ABI intends as noted above to conduct a review of the operations, assets, liabilities, structure and employees of PAS and in light of that review to identify:

- business opportunities and areas of revenue generation which may provide overall strategic operational benefit for PAS;
- areas of cost saving which may provide overall strategic and operational benefit for PAS;
- potential acquisitions of strategic benefit to PAS and methods of financing such acquisitions; and
- any business or businesses of PAS which do not fit into the future strategic plans of ABI and then evaluate the best and most appropriate way to organise such business or businesses, which may include the sale of such businesses.

While ABI does not currently have any specific intentions in relation to this review or its outcomes, its current expectation is that the review will focus on identifying the most effective means of utilising PAS's assets and maximising the investment that ABI and its Associates have made in PAS.

The status of PAS's existing employees will be considered as part of the review set out above but, without having conducted this review, ABI cannot formulate an intention in relation to employees. Final decisions will only be reached after that review and in light of all material facts and circumstances at the relevant time. ABI has no present intentions regarding the retention, or otherwise, of PAS's employees and will not be in a position to form a view until it has conducted the review referred to above.

#### 7.4 Intentions upon acquiring more than 50% but less than 90% of PAS Shares

ABI's intentions if it (and its Associates) acquires a relevant interest in more than 50% but less than 90% of PAS's Shares are set out below:

##### ASX Listing

ABI considers that there are both advantages and disadvantages of ABI continuing to remain listed on the ASX after the close of the Offer. ABI intends to request that the PAS Board review the benefits and suitability of PAS remaining listed on ASX after the close of the Offer having regard to the requirements of the Listing Rules and the additional corporate and compliance costs. ABI anticipates that the PAS Board's determination will likely depend on a range of factors, including:

- the number of PAS Shares acquired by ABI under the Offer;
- the spread (i.e. number) of PAS Shareholders after the Offer closes;
- the level of liquidity of PAS Shares after the Offer closes; and
- the costs of listing and associated compliance.

If the PAS Board were to decide that it is in the best interests of PAS to cease to be listed on ASX, ABI would likely support a resolution to delist PAS.

ABI is also mindful of the requirement under the Listing Rules for a listed company to maintain a spread of holdings which, in ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. ASX may suspend or delist a company which does not meet its spread requirements. Depending upon the level of acceptances under the Offer, it is possible that ASX may seek to de-list PAS on this basis. Should ASX seek to do so, ABI does not currently intend to oppose such a de-listing.

##### Directors

ABI intends, subject to the Corporations Act and PAS's Constitution, to seek to modify the composition of the existing PAS Board to ensure its ownership is appropriately reflected at the Board level. This would involve the retention of certain existing directors and the removal of certain existing directors to ensure that the director fees of PAS remain reasonable having regard to the financial capacity of PAS. ABI would determine which directors it would invite to resign based on the qualifications of any new ABI nominee directors it wished to have appointed and having regard to maintaining an appropriate mix of skills and experience on the PAS Board.

No decision has been made as to who ABI's nominee directors would be and their identity would depend on the relevant circumstances at the time.

##### PAS's business, assets and employees

If, after the close of the Offer Period, PAS is a controlled entity but not a wholly owned subsidiary of ABI, then ABI intends to attempt to procure that the PAS Board implements the review of PAS's business which is outlined in Section 7.3 above to the extent possible and appropriate.

##### Further acquisitions of PAS Shares

ABI may acquire additional PAS Shares under the "creep" provisions set out in the Corporations Act. In summary, those provisions permit ABI and its Associates to acquire up to 3% of PAS's Shares every six months. ABI has not yet decided whether it will acquire further PAS Shares under the "creep" provisions in the future, as that will be dependent upon (amongst other things) the extent of the Voting Power of ABI and its Associates in PAS and market conditions at the time.

As at the date of this Bidder's Statement, ABI has no plan to pursue a further on-market offer in relation to the PAS Shares in the future, but it has not ruled out doing so at its discretion (and therefore reserves the right to do so) including, for example, within six months of the end of the Offer Period.

## **7.5 Intentions upon acquiring less than 50% of PAS Shares**

If ABI (together with its Associates) acquires a relevant interest in less than 50% of PAS's Shares, it may be willing to consider nominating an appropriate person to accept a position on the PAS Board or may actively seek to obtain representation on the PAS Board in order to contribute strategic, operating and financial expertise and to gain a more detailed understanding of the corporate structuring, assets, businesses, personnel, capital structure and operations of PAS.

ABI may, in the future, acquire further PAS Shares in accordance with the requirements set out in the Corporations Act (including in accordance with the "creep" provisions referred to above). As at the date of this Bidder's Statement, ABI has no plan to pursue a further on market offer in relation to the PAS Shares in the future, but it has not ruled out doing so at its discretion (and therefore reserves the right to do so) including, for example, within six months of the end of the Offer Period.

## **7.6 Limitations on intentions**

If, at the conclusion of the Offer Period, PAS is a controlled entity but is not a wholly owned subsidiary of ABI, there will be minority PAS Shareholders. In this event, ABI expects that any directors appointed by it to the PAS Board will act at all times in accordance with their fiduciary duties and intends that all requisite shareholder approvals and other requirements of law, including the Listing Rules and the Corporations Act, are complied with in pursuing any of the intentions which are referred to in this Section 7.

As a result of complying with these requirements, approval of the minority PAS Shareholders may be required for the implementation of any of the intentions of ABI outlined in this Section 7. The requirement for the PAS Board to have regard to their fiduciary duties in the context of a partly owned subsidiary and the possible requirement to seek approval of PAS's minority shareholders may prevent a particular intention from being achieved.

## **7.7 Continuation of business and assets**

Other than as set out in this Section 7, it is the present intention of ABI that:

- the operation of PAS will continue as it is currently operating;
- no major changes will be made to the business of PAS nor will any of PAS's fixed assets be redeployed; and
- the employment of PAS's employees will continue.

## **7.8 Specific Intentions – Options**

ABI is not offering to acquire any PAS Options (or any other securities that confer rights to be issued PAS Shares) that are on issue other than to the extent that those options (or any other securities that confer rights to be issued PAS Shares) are exercised and PAS Shares are subsequently issued and quoted by ASX prior to expiry of the Offer Period. ABI will bid for any PAS Shares which are issued and quoted by ASX as a result of any PAS Options being exercised (or, if applicable, any other securities that confer rights to be issued PAS Shares being converted or vesting) prior to the expiry of the Offer Period.

Details of the PAS Options and other securities that PAS has disclosed it is seeking shareholder approval to issue are set out in Section 8 of the Bidder's Statement.

## **8 INFORMATION ON PAS SECURITIES**

### **8.1 Capital structure**

To the best of ABI's knowledge based on information publicly disclosed and according to documents lodged with ASX, PAS, as at the date of this Bidder's Statement, has the following securities on issue:

- 136,690,860 PAS Shares; and
- 3,718,981 PAS Options (which, based on information contained in the 2015 Annual Report of PAS, each have an exercise price of \$1.15).

PAS has also announced that it is seeking shareholder approval at its 2015 Annual General Meeting for the issue of 980,000 performance rights to Mr Eric Morris, each of which on vesting give the holder the right to receive one fully paid ordinary share in PAS for no monetary consideration. If such performance rights are issued and any PAS Shares are issued to Mr Morris during the Offer Period as a result of them vesting, those PAS Shares will be entitled to be sold under the Offer.

### **8.2 Executive Long Term Incentive Plan**

Based on its public disclosures, PAS operates a Long Term Incentive Plan (**LTIP**) to encourage executives and employees to have a greater involvement in the achievements of PAS. Under the terms of the LTIP, eligible employees (including executives, officers, employees and executive directors) selected by the PAS Board may be offered and granted options or rights to receive PAS Shares (including performance rights). The PAS Options are, and, if granted, the performance rights for Mr Morris will be, subject to the rules of the LTIP.

PAS Options will vest (and become exercisable) if and to the extent that any applicable performance, service and other vesting conditions specified at the time of their grant are satisfied and they have not been forfeited.

A participant may exercise options or convert rights in respect of which the PAS Board has given a vesting notice and which have not been forfeited. To exercise a PAS Option, the participant must lodge with PAS a notice of exercise and comply with any requirements under the rules of the LTIP. The PAS Board may in its absolute discretion determine that a participant is required to pay an exercise price to exercise PAS Options offered and granted to that participant.

Based on public disclosures, the rules of the LTIP provide that in relation to takeover bids made for PAS Shares, schemes of arrangement proposed in relation to PAS or other change in control transactions in relation to PAS that occur or are proposed, the PAS Board may in its absolute discretion determine, prior to grant or at the time of the relevant transaction, that all or a part of a participant's unvested PAS Options will become vested. In such circumstances, PAS must promptly notify each participant in writing that he or she may, within the period specified in the notice, exercise vested PAS Options.

The same rules as apply to the PAS Options in relation to takeover bids, schemes of arrangement or other change in control transactions in relation to PAS would, if granted, apply to the performance rights proposed to be granted to Mr Eric Morris and, on vesting (if that should occur), such performance rights will be automatically converted to PAS Shares.

### **8.3 ABI's relevant interest and Voting Power in PAS**

As at the date of this Bidder's Statement, ABI does not have a relevant interest in any PAS Shares.

As at the date of this Bidder's Statement, ABI and its Associates (in aggregate) had Voting Power in 26,282,651 PAS Shares, which represent approximately 19.23% of PAS's current issued share capital.

#### **8.4 Consideration provided for PAS securities during the previous four months**

Except as set out below, neither ABI nor its Associates has provided or agreed to provide consideration for PAS Shares during the period of four months ending on the day immediately before the date of this Bidder's Statement.

On 31 August 2015, the Clients (except for CCOI) acquired, in aggregate, 140,799 PAS Shares for a price of \$0.5491 per PAS Share.

On 2 September 2015, the Clients (except for CCOI) acquired, in aggregate, 5,128 PAS Shares for a price of \$0.5500 per PAS Share.

On 3 September 2015, the Clients (except for CCOI) acquired, in aggregate, 54,073 PAS Shares for a price of \$0.5476 per PAS Share.

#### **8.5 PAS Share price history**

The last price of PAS Shares on ASX on 21 September 2015, being the last day on which PAS Shares were traded on ASX before the Announcement Date, was \$0.52.

The highest and lowest closing price of PAS Shares during the three months immediately before 21 September 2015 were:

Highest: \$0.60 on 29 July 2015

Lowest: \$0.4550 on 29 June 2015

The average daily trading volume during the three months immediately before 21 September 2015 was approximately 73,600 PAS Shares.

#### **8.6 Inducing benefits given during the previous four months**

Except as set out in this Bidder's Statement, during the period of four months ending on the day immediately before the date of this Bidder's Statement, neither ABI nor any of its Associates gave, offered to give, or agreed to give a benefit to another person that is not available under the Offer and was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of PAS Shares.



## **9 FUNDING**

### **9.1 Maximum cash consideration**

The consideration for the acquisition of PAS Shares to which the Offer relates (including PAS Shares which could be issued on the exercise of PAS Options or vesting or conversion of any other securities that confer rights to be issued PAS Shares) will be satisfied wholly in cash.

If the Offer is accepted in respect of all PAS Shares on issue other than those owned by ABI's Associates as at the Announcement Date, the maximum cash consideration payable by ABI for those shares will be \$69,557,171.67.

Based on the information contained in the 2015 Annual Report of PAS there are currently 3,718,981 PAS Options on issue which each have an exercise price of \$1.15. In the event that all of the PAS Options on issue are exercised and PAS Shares issued pursuant to the exercise of such PAS Options were acquired pursuant to the Offer, additional consideration payable by ABI for those PAS Shares would be \$2,342,958.03. However, as the exercise price of all of the PAS Options is above the Offer Price, ABI anticipates that it is unlikely that they will be exercised.

In addition, if the 980,000 performance rights that PAS is proposing be issued to Mr Morris were issued (see Section 8.1) and the PAS Board exercised its discretion to allow them to vest in the Offer Period and, as a result, 980,000 PAS Shares were issued to Mr Morris, additional consideration payable by ABI for those PAS Shares would be \$617,400. However, whether these performance rights will be issued will not be known until shareholders have voted on the resolution at the 2015 AGM, which is set down to be held on 22 October 2015.

### **9.2 Overview of funding arrangements**

ABI will fund the cash consideration payable under the Offer for all of the PAS Shares currently on issue (which are not owned by ABI's Associates) using cash at hand.

If additional funds are required to purchase any PAS Shares that are issued pursuant to the exercise of the PAS Options or the vesting of any performance rights that may be granted to Mr Morris, that consideration will be funded by a capital contribution from some or all of the members of ABI. Coliseum, as investment manager of those members, has provided a letter of commitment to ABI unconditionally confirming that such funds will be provided to ABI to satisfy any such additional consideration that may be payable in respect of those PAS Shares that are issued on exercise of the PAS Options or vesting of the performance rights that may be granted to Mr Morris prior to the end of the Offer Period.

Prior to the date of this Bidder's Statement, ABI has initiated the transfer of the funds required to satisfy the consideration payable for all of the PAS Shares currently on issue (which are not owned by ABI's Associates) to a share trading account with Canaccord Genuity in Australia. ABI has authorised Canaccord Genuity to arrange for amounts that become payable by ABI under the trading facility in connection with the Offer to be made by deduction from this account.

The funds available to ABI are sufficient to fund the maximum amount of consideration payable under the Offer and all associated transaction costs.

ABI is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the necessary consideration required for the Offer.

## **10 TAX CONSIDERATIONS**

### **10.1 Introduction**

The following is a general description of the Australian capital gains tax (**CGT**) consequences for PAS Shareholders in relation to the disposal of their PAS Shares, through acceptance of the Offer, in return for cash consideration. General comments are also provided in relation to stamp duty and Goods and Services Tax (**GST**).

The following comments apply only to those PAS Shareholders that hold their PAS Shares on capital account and are residents of Australia for tax purposes. The Australian income tax consequences will differ for those PAS Shareholders who hold their PAS Shares as trading stock, as part of a profit making undertaking or scheme or otherwise on revenue account (for example, share traders, banks and insurance companies).

PAS Shareholders who are not resident in Australia for tax purposes should seek their own independent taxation advice which takes into account the tax consequences under the laws of their country of residence, as well as under Australian law, in relation to the disposal of PAS Shares.

The following description is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement of the taxation laws of Australia applicable to the particular circumstances of every PAS Shareholder. This summary is necessarily general in nature and therefore should not be relied upon as advice.

PAS Shareholders should seek independent professional advice regarding the taxation consequences of disposing of PAS Shares relevant to their own particular circumstances.

### **10.2 Taxation on the disposal of PAS Shares**

If you accept the Offer, you will be treated as having disposed of your PAS Shares for income tax purposes.

### **10.3 Australian resident PAS Shareholders**

Acceptance of the Offer will involve the disposal by resident PAS Shareholders of their PAS Shares by way of transfer of their shares and, as such, the disposal will have Australian CGT implications.

Australian resident PAS Shareholders who acquired their PAS Shares on or after 20 September 1985 may make a capital gain or capital loss on the sale of their PAS Shares. A capital gain will result where the amount you receive (or that you are entitled to receive) is more than the cost base of those PAS Shares. Alternatively, a capital loss will result where the amount you receive (or that you are entitled to receive) is less than the reduced cost base of those PAS Shares.

Broadly, the cost base of a PAS Share is generally the cost of acquisition or deemed cost of acquisition. Certain other amounts associated with the acquisition and disposal of PAS Shares (such as brokerage or stamp duty) may be added to the cost base. The reduced cost base of a PAS Share is calculated in a similar, but not identical, manner.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. That amount may be further reduced by other concessions (particularly the CGT discount rules (see further below)). If so, that net capital gain after applying any CGT concessions is included in assessable income and subject to Australian income tax.

Capital losses may not be deducted against other income for income tax purposes, but may be offset against current capital gains or carried forward to be offset against future capital gains.

### **10.3.1 CGT discount**

Individuals, complying superannuation funds or trustees of trusts that have held PAS Shares for at least 12 months before accepting the Offer may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of PAS Shares.

The CGT discount entitles these PAS Shareholders to reduce their capital gain on the disposal of PAS Shares by 50% in the case of individuals and trustees and by 33.33% by complying superannuation funds. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains. The CGT discount is not available to companies.

The CGT discount is not relevant for the purposes of calculating a capital loss.

The above comments do not apply to you if you buy and sell shares in the ordinary course of your business, or if you acquired the shares for resale at a profit. In such cases, any gain will generally be taxed as ordinary income. You should seek your own specific tax advice in such circumstances.

### **10.4 Non resident PAS Shareholders**

If you are not a resident of Australia for tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of your PAS Shares, unless both of the following requirements are satisfied:

- you hold a "non-portfolio interest" in PAS; and
- the PAS Shares pass the "principal asset test" at the time of the disposal.

If either element is absent, any capital gain made on the disposal of the PAS Shares should not be subject to income tax in Australia.

You will hold a "non-portfolio interest" in PAS if you (together with your associates) own, or owned, throughout a 12 month period during the two years preceding the sale of your PAS Shares, 10% or more of (broadly) all of the shares in PAS.

Broadly, the PAS Shares would pass the "principal asset test" if the market value of PAS's direct and indirect interests in Australian land (including leases and mining rights) is more than the market value of its other assets at the time you accept the Offer.

Detailed calculations are necessary to determine the results of the "principal asset test".

If you hold a "non-portfolio" interest in PAS, you should contact PAS to determine if the PAS Shares would pass the "principal asset test".

If you buy and sell shares in the ordinary course of business, or acquired the shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own specific Australian tax advice.

You should also seek advice from your taxation adviser as to the taxation implications of accepting the Offer in your country of residence.

#### **10.4.1 Stamp duty**

There will be no stamp duty payable by PAS Shareholders on the disposal of their PAS Shares.

#### **10.4.2 GST**

There will be no GST payable by PAS Shareholders on the disposal of their PAS Shares other than GST payable to your Broker in respect of brokerage fees charged to you.

PAS Shareholders should seek independent professional advice regarding whether they are able to claim GST credits on expenses associated with the disposal of their PAS Shares.

## **11 ADDITIONAL INFORMATION**

### **11.1 ASIC modifications**

ABI has relied on the modification to section 636(3) of the Corporations Act set out in ASIC Class Order 13/521 "*Takeover Bids*" to include certain references to statements which are made or based on statements made in documents lodged with ASIC and ASX. Pursuant to the Class Order, the consent of the relevant person is not required for the inclusion of such statements in this Bidder's Statement. As required by the Class Order, ABI will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to you and other PAS Shareholders who request it during the Offer Period. To obtain a copy of these documents (or relevant extracts), you may call the Offer Information Line on 1300 389 344 (callers in Australia) or +61 3 9415 4621 (callers outside Australia) from Monday to Friday between 8.30am and 5.00pm (AEST).

ABI has not obtained from ASIC any modifications of or exemptions from the Corporations Act in relation to the Offer. ABI may rely on class order relief granted by ASIC which applies generally to all persons, including ABI.

### **11.2 Regulatory and other approvals**

There are no regulatory approvals that ABI is required to obtain before acquiring PAS Shares under the Offer.

### **11.3 No escalation agreements**

Neither ABI nor any of its Associates has entered into any escalation agreement in respect of PAS Shares that is prohibited by section 622 of the Corporations Act.

### **11.4 Disclaimers and Consents**

This Bidder's Statement includes statements which are made in, or based on statements which are made in, documents provided by PAS or announced on the company announcements platform of ASX by PAS. No person who has made any of these statements has consented to the statement being included in or accompanying this Bidder's Statement in the form in which it is included.

Each of Coliseum, Coliseum Capital Partners, L.P., Blackwell Partners LLC, Series A, Coliseum Capital Partners II, L.P., Coliseum Capital Co-Invest, L.P., Adam Gray and Christopher Shackelton has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn their consent to the inclusion of:

- references to its name;
- each statement it has made; and
- each statement which is based on a statement it has made,

in this Bidder's Statement in the form and context in which those statements appear.

KPMG Legal and Tax Services has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to being named in this Bidder's Statement as legal advisors to the Offer in the form and context in which they are named.

Canaccord Genuity has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to being named in this Bidder's Statement as brokers to the Offer in the form and context in which they are named.

Computershare Investor Services Pty Limited has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to being named in this Bidder's Statement as share registry in the form and context in which they are named.

Each person named in this Section 11.4 as having given its consent to the inclusion of a statement or being named:

- has not authorised or caused the issue of this Bidder's Statement;
- does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

#### **11.5 Other material information**

Except as disclosed in this Bidder's Statement, there is no information that is known to ABI:

- that is material to the making of a decision by a PAS Shareholder whether or not to accept the Offer; and
- which has not previously been disclosed to PAS Shareholders.

## 12 GLOSSARY

### 12.1 Definitions

The following definitions apply in interpreting this Bidder's Statement, except where the context makes it clear that a definition is not intended to apply:

**ABI** means Australia Brands Investment, LLC.

**AEST** means Australian Eastern Standard Time.

**Announcement Date** means 22 September 2015, being the date of the Broker Announcement.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to that term in Section 12 of the Corporations Act.

**ASX** means ASX Limited ACN 008 624 691 or the market it operates, as the context requires.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement.

**Bidder's Statement** means this document.

**Broker** means a person who is a share broker and a participant in CHESS.

**Broker Announcement** means the announcement in relation to the Offer made by Canaccord Genuity on 22 September 2015, a copy of which is set out in Appendix 1.

**Business Day** means a day on which banks are open for general banking business in Melbourne (not being a Saturday, Sunday or public holiday in that place and any other day that the ASX declares is not a business day).

**Canaccord Genuity** means Canaccord Genuity (Australia) Limited ACN 075 071 466.

**CCOI** means Coliseum Capital Co-Invest, L.P., being one of the Clients.

**CGT** means Australian capital gains tax.

**CHESS** means the Clearing House Electronic Subregister System of share transfers operated by ASX Settlement.

**CHESS Holding** means a holding of PAS Shares on the CHESS subregister of PAS.

**Class Order** means ASIC Class Order 13/521.

**Clients** means Coliseum Capital Partners, L.P., Blackwell Partners LLC, Series A, Coliseum Capital Partners II, L.P. and Coliseum Capital Co-Invest, L.P.

**Controlling Participant** means in relation to PAS Shares in a CHESS Holding, the Participant with whom the holder has a sponsorship agreement as defined in the ASX Settlement Operating Rules (usually, your Broker).

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

**Director** includes, so far as it relates to ABI, an officer (including, if so entitled, a manager) who acts in the position or capacity of a director.

**GST** means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Holder Identification Number** or **HIN** means the number used to identify a PAS Shareholder on the CHESS subregister of PAS.

**Insolvency Event** means any of the events set out in section 652C(2) of the Corporations Act.

**Issuer Sponsored Holding** means a holding of PAS Shares on PAS's issuer sponsored subregister.

**Listing Rules** means the official listing rules of the ASX as amended or waived from time to time.

**Offer** means the unconditional cash offer by ABI to acquire PAS Shares which will be made on-market by Canaccord Genuity on behalf of ABI as described in this Bidder's Statement and includes a reference to that offer as varied in accordance with the Corporations Act.

**Offer Period** means the period commencing on 7 October 2015 and ending on 9 November 2015 or such later date to which the Offer has been extended.

**Offer Price** means \$0.63 per PAS Share.

**Participant** has the meaning set out in the ASX Settlement Operating Rules.

**PAS** means The PAS Group Limited ACN 169 477 463.

**PAS Board** means the board of directors of PAS from time to time.

**PAS Options** means the unlisted options on issue to subscribe for or be transferred PAS Shares.

**PAS Option Holder** means a person who is registered as the holder of PAS Options in the Register.

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

**PAS Shares** means fully paid ordinary shares in PAS.

**Prescribed Occurrence** means any of the events set out in section 652C(1) of the Corporations Act.

**Register** means the register of PAS Shareholders and PAS Option Holders maintained by PAS in accordance with the Corporations Act.

**Security Holder Reference Number** or **SRN** means the number allocated by PAS to identify a PAS Shareholder on its issuer sponsored subregister.

**T+3 Basis** means that settlement occurs on the third Trading Day after the date of the transaction in accordance with ASX practice.

**Trading Day** has the meaning given to that term in the Listing Rules.

**USA** means United States of America.

**Voting Power** has the meaning given to that term in section 610 of the Corporations Act.

## 12.2 Interpretation

In the interpretation of this Bidder's Statement, the following provisions apply unless the context otherwise requires:

- headings are inserted for convenience only and do not affect the interpretation of this Bidder's Statement;
- a reference in this Bidder's Statement to dollars, \$ or cents means Australian currency, and all amounts payable under this Bidder's Statement are payable in Australian currency;
- a reference in this Bidder's Statement to any law, legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision;
- where a specific term is given a meaning in the Corporations Act, that term will have that meaning in this Bidder's Statement;
- a reference to a section, clause, part, schedule or attachment is a reference to a section, clause, part, schedule or attachment of or to this Bidder's Statement;

- an expression importing a natural person includes any company, trust, partnership, joint venture, association, body corporate or governmental agency;
- where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning;
- a word which denotes the singular also denotes the plural, a word which denotes the plural also denotes the singular, and a reference to any gender also denotes the other genders;
- a reference to the word 'include' or 'including' is to be construed without limitation; and
- any schedules and attachments form part of this Bidder's Statement.



**13 APPROVAL OF BIDDER'S STATEMENT**

A copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the directors of ABI on 22 September 2015.

Signed by Adam Gray, duly authorised by a resolution of the directors of ABI.



For and on behalf of Australia Brands Investment, LLC

**Dated 22 September 2015**

# Appendix A

## Broker Announcement



22 September 2015

Company Announcements Platform  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**For immediate release to the market**

### **Unconditional on-market cash offer by Australia Brands Investment, LLC for all of the ordinary shares in The PAS Group Limited ACN 169 477 463 at \$0.63 cash per share**

Canaccord Genuity (Australia) Limited (**Canaccord Genuity**) will, on behalf of Australia Brands Investment, LLC (**ABI**) pursuant to section 635 of the *Corporations Act 2001* (Cth) (**Corporations Act**), offer to acquire on-market all fully paid ordinary shares in The PAS Group Limited ACN 169 477 463 (**PAS**) which are listed for quotation on the official list of the Australian Securities Exchange (**ASX**) that exist or will exist at any time during the Offer Period (as defined below) and are not already owned by ABI (or its associates) (**PAS Shares**) for \$0.63 cash per PAS Share (**Offer Price**) (**Offer**).

**Canaccord Genuity (on behalf of ABI) will buy PAS Shares on-market from the date and time of this announcement (before the Offer is open) until close of trading on ASX on 9 November 2015 (unless the Offer is withdrawn or extended in accordance with the Corporations Act), at the Offer Price up to a maximum of 110,408,209 PAS Shares (being all of the PAS Shares not already owned by ABI and its associates) plus any additional PAS Shares which are issued during the relevant period may be purchased.**

#### **Terms of the Offer**

The Offer is an on-market bid and therefore unconditional with payment of cash in consideration. The key features of the Offer are:

- it is an on-market, unconditional cash offer of \$0.63 cash per PAS Share;
- Canaccord Genuity will purchase PAS Shares offered to it on market from today, at the Offer Price until the conclusion of the Offer Period (defined below);
- the Offer Period may be extended; and
- the Offer Price is final and will not be increased (in the absence of a competing proposal).

#### **Broker**

ABI has appointed Canaccord Genuity as its agent for the purchase of the PAS Shares on-market.

#### **Offer Period**

Canaccord Genuity will stand in the market on behalf of ABI and accept PAS Shares offered to it at the Offer Price. The Offer will officially be made during the period commencing on 7 October 2015 (being the first trading day after the end of the 14 days after the date of this announcement) and ending on 9 November 2015 (**Offer Period**), unless extended by ABI under the Corporations Act, however, Canaccord Genuity will buy PAS Shares from the date and time of this announcement (before the Offer opens).

ABI reserves the right to withdraw unaccepted Offers in the limited circumstances permitted by, and in accordance with, Part 6.7 of the Corporations Act, at any time before the end of the period in which the Offer remains open for acceptance.

**Acceptance**

As the Offer will be an on-market offer, accepting shareholders may only accept the Offer on-market through brokers which are members of the ASX.

**Variation of the Offer**

ABI may extend the Offer Period in accordance with the Corporations Act. The Offer Price has been declared final and will not be increased during the Offer Period (in the absence of a competing proposal).

**Payment of consideration for PAS Shares**

The usual rules for settlement of transactions which occur on-market with ASX will apply in respect of acceptance of the Offer and purchase of PAS Shares. This means that if a holder of PAS Shares accepts the Offer, they will receive the \$0.63 cash consideration for each PAS Share on a T+3 basis (being the third trading day after the date of the transaction) in accordance with ASX Settlement Operating Rules.

Any brokerage charged by the brokers acting for PAS shareholders selling their PAS Shares will be the sole responsibility of those PAS shareholders.

**Bidder's Statement**

In accordance with section 635 of the Corporations Act, a bidder's statement will be served on PAS and lodged with each of the ASX and the Australian Securities and Investments Commission today. A copy of the bidder's statement will also be sent to PAS shareholders before commencement of the Offer Period.

**PAS Shares**

The PAS Shares the subject of the Offer are fully paid ordinary shares in the capital of PAS, which are on issue on the date of the bidder's statement and any other PAS Shares that are issued before the end of the Offer Period.

Immediately before making this announcement:

- so far as ABI is aware, there are currently 136,690,860 PAS Shares on issue, all of which are quoted on ASX;
- ABI does not have a relevant interest in any PAS Shares but its associates (in aggregate) had a relevant interest in 26,282,651 PAS Shares, which represent approximately 19.23% of the current issued share capital of PAS; and
- ABI, through its associates, had voting power in approximately 19.23% of the current issued share capital of PAS.

**ENDS**

## **Corporate Directory**

### **Bidder**

Australia Brands Investments, LLC  
One Station Place  
7<sup>th</sup> Floor South,  
Stamford, Connecticut 06902-6800  
United States of America

### **Broker to the Offer**

Canaccord Genuity (Australia) Limited  
Level 4  
60 Collins Street  
Melbourne VIC 3000  
Australia

### **Legal advisers**

KPMG Legal and Tax Services  
10 Shelley Street  
Sydney NSW 2000  
Australia

### **Share Registry**

Computershare Investor Services Pty Ltd ABN 48 078 279 277  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067, Melbourne  
Australia