



DuluxGroup Limited

ABN 42 133 404 065

## **ASX Announcement**

**1 May 2012**

### **ACQUISITION OF INTEREST IN ALESCO CORPORATION LIMITED AND INTENTION TO MAKE A TAKEOVER OFFER**

DuluxGroup Limited (**DuluxGroup**) today announced that it intends to make an all-cash offer to acquire all of the ordinary shares that it does not already own in Alesco Corporation Limited (**Alesco**) at a price of \$2.00 per share.

DuluxGroup has acquired an interest in Alesco of 19.96% from some of Alesco's largest shareholders, also at a price of \$2.00 per share.

#### **The proposed offer**

The proposed offer will be made by a wholly owned subsidiary of DuluxGroup and is for all Alesco shares which DuluxGroup does not already own, at a price of \$2.00 in cash for each Alesco share.

The offer price represents an attractive premium of:

- 43% to the closing price of Alesco shares on 30 April 2012 of \$1.40; and
- 37% to Alesco's 3 month VWAP of \$1.46 up to and including 30 April 2012.

The offer is conditional upon, among other things, DuluxGroup acquiring a relevant interest in 90% of Alesco shares and confirmation from Alesco of earnings and liabilities.

DuluxGroup managing director Patrick Houlihan said the offer presented an attractive opportunity for Alesco shareholders to receive a substantial premium for their shares for cash, and allowed shareholders to sell their entire shareholding in Alesco, a stock which is relatively thinly traded, without incurring any brokerage fees.

"The offer structure delivers certainty of value to Alesco shareholders at a considerable premium," said Mr Houlihan.

#### **Strategic rationale**

"This is a logical strategic step for DuluxGroup. It would allow us to grow our Australian and New Zealand position by playing to our core strengths. We are experts in marketing and distributing premium branded products to consumers and through trade channels.

"The addition of Alesco would provide DuluxGroup with new platforms for future growth. While DuluxGroup would remain predominantly an Australasian paints company, the proposed acquisition would increase earnings diversification across end markets and products.

“Following a successful acquisition, almost two thirds of DuluxGroup’s business would continue to be exposed to the improvement and maintenance of existing homes, but with a broader product offering and increased distribution through trade channels,” said Mr Houlihan.

The key fundamentals underpinning Alesco’s and DuluxGroup’s ongoing success are closely aligned:

- **Garage Doors & Openers:** Australia and New Zealand’s largest manufacturer and marketer of garage doors and openers. It is a market leader with strong brands sold largely through an extensive trade and accredited dealer network. These are consumer driven products where aesthetics and brand trust are important. Approximately 80% of its business is derived from residential homes. The fundamentals of this business are closely aligned with DuluxGroup’s expertise in marketing well known consumer brands and taking them to market through trade channels. Almost half of DuluxGroup’s existing business is derived from both the management of its own trade stores and direct relationships with trade professionals. DuluxGroup would look to strengthen Alesco’s existing dealer relationships by leveraging capability from its own trade paint distribution network.
- **Construction Products & Equipment:** a leading manufacturer and distributor of products and equipment to the Australian and New Zealand concrete and construction markets. Alesco’s Parchem business has positions in commercial and infrastructure markets which provide attractive new channels for DuluxGroup’s Acratex, Protective Coatings and Selleys products. There are also opportunities to bring Parchem technology into DuluxGroup’s retail and residential markets, leveraging DuluxGroup’s distribution networks. The addition of this business would continue the evolution of DuluxGroup’s successful adjacent product expansion over the last 25 years in areas including paints, Selleys, Acratex, woodcare, and protective coatings.
- **Cabinet & Window Products (Lincoln Sentry) and Appliances:** the Lincoln Sentry business is one of Australia’s leading suppliers and distributors of cabinet hardware, windows, doors, glazing and industrial products to specialised trade industries. It is a strong and profitable business. The Appliances business is a supplier of niche kitchen and laundry appliance products, including rangehoods, waste disposers, sinks and taps. This business delivered a break-even result at the 2012 half year. DuluxGroup intends to conduct a review of the Cabinet & Window Products and the Appliances businesses, immediately following acquisition, on both a strategic and financial level. Following this review, DuluxGroup will make an informed decision as to whether to retain or divest these businesses.

“Alesco’s businesses hold leading market positions. Their ongoing success will require the same fundamental strengths and skills that have underpinned DuluxGroup’s success to date, namely: growing premium brands with an investment in marketing, consumer insight driven innovation, leading customer service across a broad trade and consumer distribution network, and proven local manufacturing and supply chain expertise,” said Mr Houlihan.

“Further, there is potential for synergies between the two businesses over and above corporate cost synergies.”

The transaction is expected to be EPS accretive to DuluxGroup in the first full year of ownership<sup>1</sup>.

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<sup>1</sup> Excluding one-off transaction related costs.

## **Funding**

DuluxGroup has established new debt facilities totalling \$270 million which, together with unused capacity within existing facilities, will be used to fund the proposed acquisition.

Post-transaction pro forma leverage is expected to be approximately 2.4x (net debt / EBITDA). DuluxGroup intends to reduce leverage to below 2.0x over time.

Post-transaction, DuluxGroup expects to retain its current dividend policy, being that subject to the availability of retained earnings, it intends to pay at least 70% of its net profit after tax (excluding individually material items) as dividends, franked to the maximum extent practicable.

## **Offer conditions**

The proposed offer is subject to a number of conditions including DuluxGroup acquiring a relevant interest of 90% in Alesco, and earnings and liabilities confirmations from Alesco.

The full conditions of the proposed offer are attached to this announcement (Appendix B).

## **Timetable**

DuluxGroup has approached Alesco's Chairman seeking an opportunity to discuss the offer with the Alesco Board.

Further information will be contained in the Bidder's Statement to be lodged shortly.

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## **Appendix A – Overview of DuluxGroup and Alesco**

### ***Overview of DuluxGroup***

DuluxGroup is a marketer and manufacturer of premium branded products that enhance, protect and maintain the places and spaces in which people live and work. Its iconic brands include household names such as Dulux, Selleys, Yates, Cabot's, British Paints, Berger, Hortico, Dynamic Lifter and Polyfilla, amongst others.

DuluxGroup employs approximately 2,800 people in Australia, New Zealand, Papua New Guinea, South East Asia and China. DuluxGroup has four business segments:

- **Paints Australia:** Australia's leading marketer and manufacturer of premium branded decorative paints, texture, protective and woodcare coatings products.
- **Paints New Zealand:** New Zealand's leading marketer and manufacturer of premium branded decorative paints, texture and woodcare coatings products.
- **Selleys Yates:** Australia and New Zealand's leading marketer and manufacturer of home improvement and garden care products. Selleys makes products for the decorating, household, cleaning, building and construction, and auto care markets, including adhesives, sealants, fillers and paint brushes. Yates' portfolio contains a vast range of garden products, including fertilisers, plant protection products, garden accessories, lawn seeds and potting mixes.
- **Offshore & Other:** Australia and New Zealand's leading marketer and manufacturer of powder and industrial coatings, Dulux paints in Papua New Guinea, DuluxGroup's DGL Camel International joint venture in China, and DGL International in South East Asia.

DuluxGroup has 13 main manufacturing sites and a comprehensive supply chain network, including 13 distribution centres, that spans Australia, New Zealand, Papua New Guinea and selected regions in China and South East Asia.

DuluxGroup supplies a broad range of retail and trade distribution channels. Its products are sold through thousands of retail outlets and more than 230 trade distribution outlets, including more than 70 Dulux Trade Centres throughout Australia and New Zealand. DuluxGroup has more than 35,000 customers in Australia, New Zealand, China, South East Asia and Papua New Guinea. DuluxGroup has developed a network of customer relationships within the architectural, project specifier, interior design and project management professions in both the commercial and residential development markets.

### ***Overview of Alesco***

Alesco supplies innovative branded products to trade and industrial customers serving the building products markets in Australia and New Zealand.

Alesco's businesses are:

- **Garage Doors & Openers:** manufactures and markets a range of garage doors and automatic openers. Brands include B&D Doors, Garador, Dominator and Automatic Technology.
- **Construction Products & Equipment:** manufactures and markets construction chemicals, decorative concrete and associated equipment, and specialised construction chemicals.

- **Cabinet & Window Products:** supplies and distributes hardware and components to the cabinet and furniture making industry, the window door and glazing industries, and the niche industrial tape and insulation markets.
- **Appliances:** supplies niche kitchen and laundry appliance products. Its product range includes rangehoods and ducting solutions, laundry tubs and ironing centres, waste disposers, sinks and taps.

## **Appendix B – Offer conditions**

### **(a) Minimum Acceptance**

During, or at the end of the Offer Period, DuluxGroup and its associates have relevant interests in at least 90% of Alesco Shares.

### **(b) No other outstanding securities**

At the end of the Offer Period there are no Alesco securities on issue other than the Alesco Shares and there are no outstanding agreements to issue Alesco Shares or any other Alesco securities.

### **(c) No Material Adverse Change**

Between the Announcement Date and the end of the Offer Period:

- (1) no event, change, condition, matter or thing occurs, and Alesco does not disclose information concerning any event, matter or thing, which has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, business, financial or trading position, performance, profitability or prospects of the Alesco Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or
- (2) no event, matter or thing, as described in sub-paragraph (1), which occurred before the Announcement Date but was not apparent from publicly available information before then, becomes public.

Without limitation to any other part of this Condition:

- (3) the following events will have the effect referred to in sub-paragraph (1):
  - (A) a person exercises rights under an agreement, arrangement or understanding to which any member of the Alesco Group is a party where that exercise has, will have or is reasonably likely to have the effect of accelerating or adversely modifying the performance of any of the obligations of the relevant Alesco Group member under the agreement, arrangement or understanding;
  - (B) an outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster or a material increase in the intensity of any such event existing as at the date of this agreement which affects the assets, liabilities, financial position, performance, profitability or prospects of the Alesco Group taken as a whole; or
  - (C) a Governmental Agency or other body withdraws, revokes, cancels, suspends or otherwise modifies an approval, consent, licence or permit granted to or held by the Alesco Group (or expresses an intention to do any of these things).
- (4) an event, matter or thing will have the effect referred to in sub-paragraph (1) if it (either individually or when aggregated with one or more other events, matters or things) has reduced, will reduce or is reasonably likely to reduce:
  - (A) the value of the consolidated net assets of the Alesco Group, taken as a whole, by at least \$7.5 million; or
  - (B) the value of the consolidated earnings before interest and tax of the Alesco Group, taken as a whole, by at least \$3 million.

### **(d) No persons entitled to exercise or exercising rights under certain agreements or instruments**

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person entitled to exercise, exercising or purporting to exercise, stating an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), or asserting a right to exercise, any rights under any provision of any agreement or other instrument to which any member of the Alesco Group is a party, or by or to which any member of the Alesco Group or any of its assets or businesses may be bound or be subject, which results, or could result, to an extent to which is material in the context of any Key Business Division or material in the context of the Alesco Group taken as a whole, in:

- (1) any moneys borrowed by any member of the Alesco Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- (2) any such agreement or other such instrument being terminated or modified or not renewed or any action being taken or arising thereunder (including, but not limited to, the Fosroc Licence Agreement and the Blum Distribution Agreement);
- (3) the interest of any member of the Alesco Group in any firm, joint venture, trust corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- (4) other than in accordance with any announcement made by Alesco prior to the Announcement Date, the assets of any member of the Alesco Group being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions.

**(e) Regulatory approvals**

Before the end of the Offer Period, all approvals or consents that are required by law, or by any Governmental Agency, as are necessary to permit:

- (1) the Offer to be lawfully made to and accepted by Alesco shareholders; and
- (2) the transactions contemplated by the Bidder's Statement to be completed (including, without limitation, full and lawful implementation of the intentions section to be set out in the Bidder's Statement),

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

**(f) No regulatory actions**

During the Offer Period:

- (1) there is not in effect any preliminary or final decision, order or decree issued by a Governmental Agency;
- (2) no action or investigation is announced, commenced or threatened by any Governmental Agency; and
- (3) no application is made to any Governmental Agency (other than by DuluxGroup),

in consequence of, or in connection with, the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in the exercise of powers and discretions conferred by the Corporations Act), which:

- (4) restrains, prohibits or impedes (or if granted or made could restrain, prohibit or impede), or otherwise materially adversely impacts upon:

- (A) the making of the Offers or the completion of any transaction contemplated by the Offer; or
  - (B) the rights of DuluxGroup (or any DuluxGroup subsidiary) in respect of Alesco or the Alesco Shares; or
- (5) requires the divestiture by DuluxGroup (or any DuluxGroup subsidiary) of any Alesco Shares or the divestiture of any assets of the Alesco Group.

**(g) No dividends and distributions**

Between the Announcement Date and the end of the Offer Period, no member of the Alesco Group makes, determines as payable or declares any distribution (whether by way of dividend, capital reduction or otherwise and whether cash or in specie).

**(h) No prescribed occurrence**

Between the Announcement Date and the end of the Offer Period none of the following occur:

- (1) Alesco converts all or any of its shares into a larger or smaller number of shares;
- (2) any member of the Alesco Group resolves to reduce its share capital in any way;
- (3) any member of the Alesco Group:
  - (A) enters into a buy-back agreement; or
  - (B) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (4) any member of the Alesco Group issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option (other than an issue of shares pursuant to vesting of rights on issue on the Announcement Date under the Performance Rights Plan either in accordance with their terms where there is no exercise of any Alesco board discretion to permit early vesting or pursuant to the exercise of a Alesco Board discretion taking effect on the Offer becoming unconditional);
- (5) any member of the Alesco Group issues, or agrees to issue, convertible notes;
- (6) any member of the Alesco Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (7) any member of the Alesco Group grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (8) any member of the Alesco Group resolves to be wound up;
- (9) a liquidator or provisional liquidator of any member of the Alesco Group is appointed;
- (10) a court makes an order for the winding up of any member of the Alesco Group;
- (11) an administrator of any member of the Alesco Group is appointed under section 436A, 436B or 436C of the Corporations Act;
- (12) any member of the Alesco Group executes a deed of company arrangement;
- (13) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any member of the Alesco Group; and



(14) any member of the Alesco Group:

- (A) enters into or materially amends any employment, consulting, severance or other similar arrangement or agreement with any of the officers, directors, executives or employees of the Alesco Group whose total employment cost exceeds \$200,000 or otherwise materially increasing compensation or benefits for any of the above or paying any bonus, retention or termination payment (other than in accordance with existing contractual entitlements as at the Announcement Date) to any of the above;
- (B) issues, grants or amends the terms of, any securities, options or rights to, or accelerates the rights of, any of the directors or employees of the Alesco Group to compensation or benefits of any kind (including under any employee or director share, option or incentive plan and including by vesting any outstanding rights under the Performance Rights Plan or any other rights plan) otherwise than in the ordinary course of business and consistent with past practices and except for any vesting of rights on the Offer becoming unconditional; or
- (C) waives or forgives any loans made by any member of the Alesco Group in respect of Alesco Shares issued under any employee or director share, option or incentive plan, or in respect of rights under the Performance Rights Plan or any other rights plan, the rights are cancelled for consideration higher than the net benefit to the director or employee had the rights been exercised and the Offer accepted.

**(i) No litigation on foot or pending**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (1) no litigation (including, but not limited to, in relation to any of the Defined Events) against Alesco which may reasonably result in a judgement of more than A\$1 million is commenced, is threatened to be commenced, is announced, or is made known to DuluxGroup (whether or not becoming public) or Alesco; and
- (2) no litigation (including, but not limited to, in relation to any of the Defined Events) against Alesco which in aggregate may reasonably result in judgements of more than A\$4 million are commenced, threatened to be commenced, announced, or made known to DuluxGroup (whether or not becoming public) or Alesco,

other than that which is in the public domain as at the Announcement Date.

**(j) Liabilities Confirmation**

The Target's Statement containing a statement (**Liabilities Confirmation**), expressed to be made with the approval of the Alesco Board, which confirms as at the date of the Liabilities Confirmation, to the best of the knowledge and belief of the Alesco Board after having made due enquiry, each of the matters set out below, and the Liabilities Confirmation not being materially varied, revoked or qualified (whether in any supplementary Target's statement or otherwise) prior to the close of the Offer:

- (1) the Alesco Group has no liability or contingent liability (including a liability or contingent liability arising in relation to a Defined Event) with a value greater than A\$1 million, and no liabilities or contingent liabilities (including any liabilities or contingent liabilities arising in relation to the Defined Events) which in aggregate have a value greater than A\$4 million, the nature, size and existence of which has not been disclosed in announcements by Alesco to ASX prior to the Announcement Date;
- (2) no liability or contingent liability (including a liability or contingent liability as a result of a Defined Event) which has been disclosed in announcements made by Alesco to ASX prior to the Announcement Date has increased by a value greater than A\$1 million, and no liabilities or contingent liabilities (including any liabilities or contingent liabilities arising in

relation to the Defined Events) previously disclosed have, in aggregate, increased by a value greater than A\$4 million than that previously announced to ASX;

- (3) the net debt of the Alesco Group is not or will not at 31 May 2012 be more than A\$85 million, and any increase in the net debt from the \$82.9 million (as at 30 November 2011) previously announced to ASX on 25 January 2012 arises in the ordinary course of business consistent with past practice; and
- (4) the amount payable to the NZ Commissioner of Inland Revenue in relation to the NZ Tax Litigation (inclusive of any interest, penalties, costs, fines and other charges in relation thereto) is not likely to exceed the provision of NZ\$8.6 million previously announced to ASX and the total amount payable in relation to the NZ Tax Litigation (inclusive of any interest, penalties, costs, fines, legal fees and other charges in relation thereto) will not exceed NZ\$15 million.

**(k) Earnings Confirmation**

The Target's Statement containing a statement (**Earnings Confirmation**), expressed to be made with the approval of the Alesco Board, which confirms, to the best of the knowledge and belief of the Alesco Board after having made due enquiry, each of the matters set out below in respect of the Alesco financial year ending 31 May 2012 (on the basis of the application of accounting principles consistent with those applied to the Alesco earnings guidance and results for the half year to 30 November 2011 announced to ASX on 25 January 2012), and the Earnings Confirmation not being materially varied, revoked or qualified (whether in any supplementary Target's Statement or otherwise) prior to the close of the Offer:

- (1) consolidated net profit after tax of the Alesco Group before significant items will be more than A\$9.9 million; and
- (2) consolidated operating earnings before interest and tax of the Alesco Group (excluding any contribution from the Parbury and Dekorform businesses which have been sold) will be more than A\$32 million.

**(l) No additional capex, material acquisitions or disposals**

Other than any transaction or expenditure announced or publicly disclosed before the Announcement Date, between the Announcement Date and the end of the Offer Period (each inclusive), neither Alesco nor any of its subsidiaries incurs or commits to incur a capital expenditure, acquires or disposes, offers to acquire or dispose or enters into or announces any agreement to acquire or dispose one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) or enters into any corporate transaction, which would or would be likely to involve a material change in:

- (1) the manner in which Alesco conducts its business;
- (2) the nature, extent or value of the assets of Alesco; or
- (3) the nature, extent or value of the liabilities of Alesco,

including, without limitation, any transaction which would or (subject to one or more conditions) may involve:

- (4) Alesco or any subsidiary of Alesco acquiring, or agreeing to acquire, one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate greater than A\$10 million;
- (5) Alesco or any subsidiary of Alesco disposing, or agreeing to dispose of, one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate greater than A\$10 million; or

- (6) the Alesco Group incurring or committing to incur, in aggregate, an amount of capital expenditure in excess of A\$3 million which is not in the ordinary course of business of Alesco and its subsidiaries conducted in the same manner as before the Announcement Date.

**(m) No inaccurate public information**

DuluxGroup does not become aware, during the period from the Announcement Date to the end of the Offer Period (each inclusive) that any document filed by or announcement made by or on behalf of Alesco, or by or on behalf of any person in relation to Alesco, with ASX, ASIC or anywhere in the public domain, contains a statement which is incorrect or misleading in any material way or from which there is a material omission.

**(n) Index Out**

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P ASX 200 does not close below 3,950 for 3 or more consecutive trading days.

**(o) Equal Access**

Between the Announcement Date and the end of the Offer Period, Alesco promptly, and in any event within 2 Business Days, provides to DuluxGroup a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to Alesco or any of its subsidiaries, or their respective assets, liabilities or operations, that has been provided by any member of the Alesco Group or any of their directors, officers, advisors, agents or representatives to any person other than DuluxGroup, other than in the ordinary course of ordinary business, including (without limitation) for the purposes of soliciting, encouraging or facilitating any proposal with respect to:

- (1) a takeover bid for, or scheme of arrangement proposed by, Alesco;
- (2) the acquisition by that person or an associate of substantially all the assets and operations of Alesco (or of any of the Key Business Divisions); or
- (3) any transaction having a similar economic effect.

**(p) No break fees**

Between the Announcement Date and the end of the Offer Period, Alesco does not agree (whether conditionally or unconditionally) to make any payment by way of break fee, inducement fee, cost reimbursement or otherwise, to any person other than DuluxGroup or an associate, or forgo any amount to which it would otherwise be entitled, in connection with a proposal by that person for:

- (1) a takeover bid for, or scheme of arrangement proposed by, Alesco;
- (2) the acquisition by that person or an associate of substantially all the assets and operations of Alesco (or of any of the Key Business Divisions); or
- (3) any transaction having a similar economic effect.

This section does not apply to a payment by way of remuneration for professional services or to directors of Alesco for the discharge of their duties in connection with the Offer.

## Definitions

In this annexure references to \$ are to Australian dollars (unless stated otherwise) and:

**Alesco** means Alesco Corporation Limited.

**Alesco Board** means the board of directors of Alesco.

**Alesco Group** means Alesco and its subsidiaries.

**Alesco Shares** means fully paid ordinary shares of Alesco.

**Announcement Date** means 1 May 2012.

**ASX** means ASX Limited ABN 98 008 624 691.

**Bidder's Statement** means the bidder's statement to be sent to Alesco shareholders by DuluxGroup (or its wholly owned subsidiary) in relation to the proposed Offer.

**Blum Distribution Agreement** means the agreement between any member of the Alesco Group and Blum Australia Pty Ltd (or any related body corporate of Blum Australia Pty Ltd) (**Blum**) under which a member of the Alesco Group is a distributor of Blum's products.

**Defined Event** means:

- (1) the payment of any deferred consideration pursuant to a business, asset or share purchase or acquisition agreement;
- (2) product liability claims;
- (3) occupational health & safety claims;
- (4) warranty or indemnity claims in relation to the sale of any business, assets or shares; or
- (5) damages, fines, expenses, costs in respect of environmental liabilities.

**DuluxGroup** means DuluxGroup Limited.

**Encumbrance** means an interest or power (whether existing or agreed to be granted or created):

- (1) reserved in or over any interest in any property, including any retention of title; or
- (2) created or otherwise arising in or over any interest in any property under a bill of sale, mortgage, charge, lien, pledge, hypothecation, trust or power,

and any other restriction on the use of or exercise of a right over property, or on the registration of an interest in or dealing with (including a transfer of) property.

**Fosroc Licence Agreement** means the agreement between any member of the Alesco Group and Fosroc International Limited (or any related body corporate of Fosroc International Limited) under which Fosroc licences that member of the Alesco Group to use its construction technology or any other agreement relating to the use of intellectual property rights or technology owned by Fosroc International Limited (or any related body corporate) by any member of the Alesco Group.

**Governmental Agency** means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia, or elsewhere. It also includes any self-regulatory organisation established under any statute and any stock exchange.

**Key Business Divisions** means each of the Garage Doors & Openers, Construction Products & Equipment and Cabinet & Window Products businesses of the Alesco Group.

**NZ Commissioner** means the New Zealand Commissioner of Inland Revenue.

**NZ Tax Litigation** means the dispute between the Alesco Group and the New Zealand Inland Revenue Department as referred to in the ASX announcement made by Alesco on 25 January 2012.

**Offer** means the offer for Alesco Shares to be made by DuluxGroup (or its wholly owned subsidiary) under the Bidder's Statement.

**Offer Period** means the period during which offers made under the Offer remain open for acceptance.

**Performance Rights Plan** means the Alesco Performance Rights Plan approved at Alesco's 2010 Annual General Meeting.

**Target's Statement** means the target's statement to be prepared by Alesco in relation to the Offer.

Terms used in this annexure, if not defined in this annexure, have the meaning given to them by section 9 of the Corporations Act.