

## ASX RELEASE

17 May 2019

### RELEASE OF EXPLANATORY BOOKLET

#### Explanatory Booklet

Spicers Limited ('Spicers') announces that, following Federal Court of Australia approval earlier today, it has now registered the Explanatory Booklet in relation to the previously announced scheme of arrangement ('Scheme') and interconditional capital return ('Capital Return') (together, the 'Transaction') with the Australian Securities and Investments Commission.

A copy of the Explanatory Booklet, which includes the Independent Expert's Report, Notices of Scheme Meeting and Special General Meeting (the 'Meetings'), and copies of the proxy forms for the Meetings, is attached to this announcement and will be despatched to Spicers shareholders in due course. Spicers shareholders who have elected to receive their communications electronically will be sent the materials electronically, and Spicers will send the materials to all other shareholders by post.

The Explanatory Booklet contains information about the proposed acquisition by Kokusai Pulp & Paper Co., Ltd. ('KPP'), as well as instructions on how to vote. **Spicers shareholders are strongly encouraged to read the Explanatory Booklet in its entirety, and to cast their votes in relation to the Scheme and the Capital Return, either via proxy or in person at the Meetings.**

#### Unanimous Board recommendation to vote in favour of the Transaction

If the transaction with KPP is approved and implemented, then, as at the date of the Explanatory Booklet and based on information currently available, the Spicers directors currently expect that the total transaction consideration will be \$0.070 (7.0 cents) per scheme share.

**The Board of Spicers considers the Scheme to be in the best interests of Spicers shareholders and unanimously recommends that Spicers shareholders vote in favour of both the Scheme and the Capital Return at the shareholder meetings**, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that that the Scheme is in the best interests of Spicers shareholders.

Each Spicers director intends to vote any Spicers shares held or controlled by them in favour of the Scheme and the Capital Return at the shareholder meetings, in the absence of a superior proposal.

#### Independent Expert's Report and conclusion

**The Independent Expert, Pitcher Partners Corporate Pty. Ltd. (ACN 082 323 868), has concluded that the Scheme is fair and reasonable, and is in the best interests of Spicers shareholders**, in the absence of a superior proposal.

**For further information contact (investor and media queries):**

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***About Spicers Limited (SRS)***

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

# EXPLANATORY BOOKLET

For a recommended scheme of arrangement and equal capital return in relation to the proposed acquisition of Spicers Limited by Kokusai Pulp & Paper Co., Ltd.

## VOTE IN FAVOUR

Your Directors unanimously recommend that you vote in favour of the Scheme and the Capital Return, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Spicers Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Spicers Shareholders, in the absence of a Superior Proposal.

The Transaction Meetings are scheduled to be held from 10.00am on 26 June 2019 at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia.

This Explanatory Booklet is important and requires your prompt attention. You should read it in its entirety, and consider its contents carefully, before deciding whether or not to vote in favour of the Transaction Resolutions to approve the Transaction. If you are in any doubt about what you should do, you should consult with a financial, legal, taxation or other professional adviser.

If you have any questions in relation to this Explanatory Booklet or the Transaction, please contact the Spicers Shareholder Information Line on 1300 048 154 (within Australia) or +61 3 9415 4285 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Melbourne time).

This Explanatory Booklet has been sent to you because you are shown in the Spicers Register as holding Spicers Shares. If you have recently sold all of your Spicers Shares, please disregard this Explanatory Booklet.

# Important Notices

## Nature of this document

This Explanatory Booklet provides Spicers Shareholders with information about the proposed acquisition of Spicers by KPP and the related proposed distribution to Spicers Shareholders. It includes:

- the explanatory statement required by Part 5.1 of the Corporations Act in relation to the Scheme; and
- a statement of all the information known to Spicers that is material to Spicers Shareholders in deciding how to vote on the Capital Return Resolution, as required by section 256C(4) of the Corporations Act.

You should review all of the information in this Explanatory Booklet carefully. Section 1.1 sets out the reasons why you should vote in favour of the Transaction and section 1.2 sets out reasons why you may wish to vote against the Transaction.

If you have sold all of your Spicers Shares, please ignore this Explanatory Booklet.

## Defined terms

A number of defined terms are used in this Explanatory Booklet. These terms are explained in section 9 of this Explanatory Booklet.

## No investment advice

The information contained in this Explanatory Booklet does not constitute financial product advice and has been prepared without reference to your own investment objectives, financial situation, taxation position or particular needs. It is important that you read this Explanatory Booklet in its entirety before making any investment decision and any decision regarding the Transaction. If you are in any doubt in relation to these matters, you should consult with a financial, legal, taxation or other professional adviser.

## Not an offer

This Explanatory Booklet does not constitute or contain an offer to Spicers Shareholders, or a solicitation of an offer from Spicers Shareholders, in any jurisdiction.

## Foreign jurisdictions

The release, publication or distribution of this Explanatory Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Explanatory Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Explanatory Booklet has been prepared in accordance with Australian law and the information contained in this Explanatory Booklet may not be the same as that which would have been disclosed if this Explanatory Booklet had been prepared in accordance with laws and regulations outside Australia.

## Regulatory information

This document is the explanatory statement for the scheme of arrangement between Spicers and the Scheme Shareholders for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in this Explanatory Booklet as Annexure B.

A copy of this Explanatory Booklet was provided to ASIC for examination in accordance with section 256C(5) and section 411(2)(b) of the Corporations Act and was lodged with ASIC for registration under section 412(6) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to Spicers Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, then it will be produced to the Court at the time of the Court hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Booklet.

## Notices of Meeting

The Notice of Scheme Meeting is set out in Annexure D.

The Notice of Special General Meeting is set out in Annexure E.

## Spicers Shareholder's right to appear at the Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

**Any Spicers Shareholder may appear at the Second Court Hearing, expected to be held at 10.15am on 3 July 2019 at the Federal Court of Australia – Victorian Registry, Owen Dixon Commonwealth Law Courts Building, 305 William Street, Melbourne.**

**Any Spicers Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Spicers a notice of appearance in the prescribed form together with any affidavit on which the Spicers Shareholder proposes to rely.**

## Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has directed that an explanatory statement accompany the notice of meeting does not mean that the Court:

- has formed any view as to the merits of the proposed scheme or as to how members should vote (on this matter members must reach their own decision); or
- has prepared, or is responsible for, the content of the explanatory statement.

## Disclaimer as to forward looking statements

This Explanatory Booklet contains both historical and forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements.

All forward looking statements in this Explanatory Booklet reflect views only as at the date of this Explanatory Booklet, and generally may be identified by the use of forward looking words such as 'believe', 'aim', 'future', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe Spicers' or KPP's objectives, plans, goals or expectations are or may be forward looking statements.

Statements contained in this Explanatory Booklet about the total cash consideration currently expected to be received by Spicers Shareholders if the Transaction is approved and implemented are forward looking statements. Section 3.2 provides further detail on how this amount will be calculated and what Spicers Shareholders are currently expected to receive if the Transaction is approved and implemented. The final total cash consideration will be determined by Spicers closer to implementation of the Transaction and updates will be provided on the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

Any statements contained in this Explanatory Booklet about the impact that the Transaction may have on the results of Spicers' operations, and the advantages and disadvantages anticipated to result from the Transaction, are also forward looking statements.

All forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by those forward looking statements.

The operations and financial performance of Spicers are subject to various risks, including those summarised in this Explanatory Booklet, which may be beyond the control of Spicers and/or KPP. Spicers Shareholders should note that the historical financial performance of Spicers provides no assurance of the future financial performance of Spicers (whether the Transaction is implemented or not). Those risks and uncertainties include factors and risks specific to the industry in which Spicers operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. As a result, the actual results of operations and earnings of Spicers following implementation of the Transaction, as well as the actual advantages of the Transaction, may differ significantly from those that are anticipated and may never be achieved.

The forward looking statements included in this Explanatory Booklet are made only as of the date of this Explanatory Booklet.

Although Spicers believes that the views reflected in any forward looking statements included in the Spicers Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

None of Spicers, KPP, Spicers' officers, KPP's officers, any persons named in this Explanatory Booklet with their consent or any person involved in the preparation of this Explanatory Booklet makes any representation or warranty (express or implied) as to the likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

All subsequent written and oral forward looking statements attributable to Spicers or KPP or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under relevant laws or the listing rules of a relevant exchange, Spicers and KPP do not give any undertaking to update or revise any such statements after the date of this Explanatory Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

### **Responsibility statement**

Spicers has been solely responsible for preparing the Spicers Information. The Spicers Information concerning Spicers and the intentions, views and opinions of Spicers and the Spicers Directors contained in this Explanatory Booklet has been prepared by Spicers and the Spicers Directors and is the responsibility of Spicers. KPP and the KPP Directors and officers do not assume any responsibility for the accuracy or completeness of any information contained in this Explanatory Booklet other than the KPP Information.

KPP has been solely responsible for preparing the KPP Information. The KPP Information concerning KPP and the intentions, views and opinions of KPP contained in this Explanatory Booklet has been prepared by KPP and is the responsibility of KPP. Spicers and the Spicers Directors and officers do not assume any responsibility for the accuracy or completeness of any KPP Information.

Pitcher Partners has prepared the Independent Expert's Report in relation to the Transaction and takes responsibility for that report. The Independent Expert's Report is set out in Annexure A.

EY has provided and is responsible for the information contained in section 7. Neither Spicers nor KPP assumes any responsibility for the accuracy of the information contained in section 7. EY does not assume any responsibility for the accuracy or completeness of the information contained in this Explanatory Booklet other than that contained in section 7.

Computershare has had no involvement in the preparation of any part of this Explanatory Booklet other than being named as the Spicers Registry. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Explanatory Booklet.

### **Privacy**

Spicers and KPP may collect personal information in the process of implementing the Transaction. Such information may include the name, contact details and shareholdings of Spicers Shareholders and the names of persons appointed by those persons to act as a proxy, attorney or corporate representative at the Transaction Meetings. The primary purpose of the collection of personal information is to assist Spicers and KPP to conduct the Transaction Meetings and implement the Transaction. Personal information of the type described above may be disclosed to the Spicers Registry, print and mail service providers, authorised securities brokers, Related Bodies Corporate of Spicers and KPP, and Spicers' and KPP's advisers and service providers. Spicers Shareholders have certain rights to access personal information that has been collected. Spicers Shareholders should contact the Spicers Registry in the first instance if they wish to access their personal information. Spicers Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

### **Effect of rounding**

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Explanatory Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Explanatory Booklet.

### **Date of this Explanatory Booklet**

This Explanatory Booklet is dated 17 May 2019.

### **Currency and exchange**

Unless otherwise stated, all dollar amounts in this Explanatory Booklet are in Australian dollars and all share prices and trading volumes refer to Spicers Shares trading on ASX.

# Contents

Important notices	IFC
Indicative key dates	3
Letter from the Chairman of Spicers	4
1 Key considerations relevant to your vote	6
2 Frequently asked questions	10
3 Details of the Transaction	16
4 Information about Spicers	22
5 Information about KPP	31
6 Risks	37
7 Taxation implications	40
8 Additional information	45
9 Glossary and interpretation	53
Annexure A – Independent Expert's Report	59
Annexure B – Scheme	106
Annexure C – Deed Poll	118
Annexure D – Notice of Scheme Meeting	129
Annexure E – Notice of Special General Meeting	132

# Indicative Key Dates

Event	Date
<b>First Court Date</b>	17 May 2019
<b>Date of this Explanatory Booklet</b>	17 May 2019
<b>Transaction Meetings Proxy Forms</b> Latest time and date by which Scheme Meeting Proxy Form and Special General Meeting Proxy Form must be received by the Spicers Registry	10.00am (Melbourne time) on 24 June 2019
<b>Transaction Meetings record date</b> Time and date for determining eligibility to vote at the Scheme Meeting and Special General Meeting	7.00pm (Melbourne time) on 24 June 2019
<b>Scheme Meeting</b> To be held at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia	10.00am (Melbourne time) on 26 June 2019
<b>Special General Meeting</b> To be held at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia	The later of 10.15am (Melbourne time) on 26 June 2019 and the adjournment or conclusion of the Scheme Meeting
<b>If the Scheme is approved by Spicers Shareholders at the Scheme Meeting</b>	
<b>Second Court Date</b> For approval of the Scheme	3 July 2019
<b>Effective Date</b> The date on which the Scheme becomes Effective and is binding on Spicers Shareholders  The Court order will be lodged with ASIC and announced on ASX  Last day of trading in Spicers Shares – Spicers suspended from trading on ASX from close of trading	3 July 2019
<b>Record Date</b> All Spicers Shareholders who hold Spicers Shares on the Record Date will be entitled to receive the Scheme Consideration and the Capital Return Consideration	7.00pm (Melbourne time) on 8 July 2019
<b>Implementation Date</b> Date on which Base Scheme Consideration and Capital Return Consideration will be sent to Scheme Shareholders	16 July 2019

All dates following the date of the Transaction Meetings are indicative only and, among other things, are subject to all necessary approvals from the Court and any other regulatory authority. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced on ASX and notified on Spicers' website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

All references to time in this Explanatory Booklet are references to Melbourne, Australia time, unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

Spicers Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Explanatory Booklet, and to lodge their proxy vote online. The Explanatory Booklet will also be available for viewing and downloading on the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).



# Letter from the Chairman of Spicers



Jonathan Trollip, Chairman

17 May 2019

Dear Spicers Shareholder,

On behalf of the Spicers Directors, I am pleased to provide you with this Explanatory Booklet which contains information for your consideration in relation to the proposed acquisition of Spicers by Kokusai Pulp & Paper Co., Ltd. (KPP).

On 17 January 2019, Spicers announced that it had entered into a Scheme Implementation Deed with KPP, under which it is proposed that KPP will acquire all the issued capital of Spicers by way of a scheme of arrangement, subject to Spicers Shareholder and Court approvals. The transaction with KPP will also involve the payment of a capital return to Spicers Shareholders.

**Your Directors unanimously recommend that you vote in favour of the Transaction and intend to vote the Shares they hold or control in favour of the Transaction Resolutions, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Spicers Shareholders. Your Directors believe that the Transaction will deliver compelling value to Spicers Shareholders.**

If the Transaction is approved and implemented, then, as at the date of this Explanatory Booklet and based on information currently available, the Spicers Directors currently expect that the total Transaction Consideration will be \$0.070 (7.0 cents) per Scheme Share.<sup>(1)</sup> This amount implies a fully diluted market capitalisation for Spicers of \$147.6 million and represents a:

- 32.1% premium to the last closing price on 17 January 2019<sup>(2)</sup> of \$0.053;
- 30.7% premium to the 1-month VWAP on 17 January 2019<sup>(2)</sup> of \$0.054; and
- 36.0% premium to the 6-month VWAP on 17 January 2019<sup>(2)</sup> of \$0.051.

The final Transaction Consideration to be paid on implementation will be determined by Spicers closer to implementation of the Transaction and updates will be provided on the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au). Section 3.2 provides further detail on how this amount will be calculated and what you are currently expected to receive if the Transaction is approved and implemented.

## Your Directors' recommendation

Your Directors have concluded that the Transaction is compelling for Spicers Shareholders for the following reasons:

- The currently expected Transaction Consideration represents an attractive premium to recent trading prices of Spicers Shares on ASX, prior to the announcement of the Transaction on 17 January 2019.
- The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of Spicers Shareholders, in the absence of a Superior Proposal.
- The Transaction provides Spicers Shareholders with the certainty of a cash payment for their Spicers Shares.
- If the Transaction is not implemented, then the trading price of Spicers Shares is likely to fall.
- Cash payments provide Spicers Shareholders with the opportunity to access full liquidity in respect of disposal of their Spicers Shares.
- No brokerage or stamp duty will be payable by Spicers Shareholders on the disposal of their Spicers Shares as part of the Transaction.
- With global pulp and paper operations, and as a business partner of Spicers for many years, KPP is a natural owner for Spicers.
- No Superior Proposal has been received by the Spicers Board since the announcement of the Transaction.

Further reasons (including reasons why you may not wish to vote in favour of the Transaction) are set out in sections 1.1 and 1.2.

(1) Calculated based on 2,107,142,649 ordinary shares outstanding (inclusive of 50,200,000 Spicers Performance Rights).

(2) Being the last day on which Spicers Shares traded before Spicers announced that it and KPP had entered into the Scheme Implementation Deed.



## Independent Expert

Your Directors appointed Pitcher Partners as the Independent Expert to assess the merits of the Transaction.

**The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Spicers Shareholders, in the absence of a Superior Proposal.** The Independent Expert has assessed the fully diluted value of Spicers Shares at between \$0.066 and \$0.075. The currently expected Transaction Consideration of \$0.070 (7.0 cents) per Scheme Share is within this range.

A complete copy of the Independent Expert's Report is included in Annexure A.

## How to vote

For the Scheme to be approved by Spicers Shareholders, votes in favour of the Scheme must be received from a majority in number (more than 50%) of Spicers Shareholders present and voting (either in person or by proxy or representative) at the Scheme Meeting (unless the Court orders otherwise) and at least 75% of the total number of votes cast on the Scheme Resolution by Spicers Shareholders (either in person or by proxy or representative).

For the Capital Return to be approved by Spicers Shareholders, votes in favour of the Capital Return must be received from at least 50% of the total number of votes cast on the Capital Return Resolution by Spicers Shareholders present and voting (either in person or by proxy or representative).

Your vote is important and we encourage you to complete the Scheme Meeting Proxy Form and Special General Meeting Proxy Form accompanying this Explanatory Booklet, or alternatively attend the Transaction Meetings in person. The Transaction Meetings are scheduled to be held from 10.00am (Melbourne time) at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia on 26 June 2019.

## Further information

This Explanatory Booklet sets out important information relating to the Transaction and the reasons why the Spicers Board has recommended that Spicers Shareholders vote in favour of the Transaction, together with the Independent Expert's Report. This Explanatory Booklet also sets out some of the reasons why Spicers Shareholders may wish to vote against the Transaction.

I encourage you to read this document carefully and in its entirety. It will assist you in making an informed decision on how to vote. Spicers Shareholders should also seek independent financial, legal and taxation advice before making any decision in relation to their Spicers Shares.

If you have any questions in relation to this Explanatory Booklet or the Transaction you should contact the Spicers Shareholder Information Line on 1300 048 154 (within Australia) or +61 3 9415 4285 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Melbourne time).

On behalf of the Spicers Board, I would like to take this opportunity to thank you for your ongoing support of Spicers and I look forward to your participation at the Transaction Meetings.

Yours sincerely,



**Jonathan Trollip**  
Chairman

Spicers Limited

# 1

## Key considerations relevant to your vote

The Transaction has a number of advantages and disadvantages which may affect Spicers Shareholders in different ways depending on their individual circumstances. Spicers Shareholders should seek professional advice on their particular circumstances, as appropriate.

Section 1.1 provides a summary of some of the reasons why the Spicers Board unanimously recommends that Spicers Shareholders vote in favour of the Transaction. This section should be read in conjunction with section 1.2, which sets out reasons why Spicers Shareholders may wish to vote against the Transaction.

You should read this Explanatory Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Transaction Meetings.

While the Spicers Directors acknowledge the reasons to vote against the Transaction, they believe the advantages of the Transaction significantly outweigh the disadvantages.

### 1.1 Why you should vote in favour of the Transaction

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Your Directors have formed the view that the Transaction is in the best interests of Spicers Shareholders for the following reasons:

**(a) The Spicers Directors have assessed the merits of the Transaction and unanimously recommend that you vote in favour of the Scheme and the Capital Return, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Spicers Shareholders**

In reaching its recommendation, the Spicers Board has considered the advantages and disadvantages of the Transaction, including the information contained in:

- this section 1.1 (Why you should vote in favour of the Transaction);
- section 1.2 (Why you may wish to vote against the Transaction);
- section 6 (Risks) and section 7 (Taxation Implications); and
- Annexure A (Independent Expert's Report).

The Spicers Directors consider that the Transaction Consideration fully recognises the value and future growth potential of Spicers, as well as providing the certainty of all cash consideration to Spicers Shareholders for their Spicers Shares.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Spicers Shareholders, each of the Spicers Directors intends to vote all Spicers Shares that they hold or control in favour of the Scheme and the Capital Return.

Further detail of the interests of the Spicers Directors is contained in section 8.1.

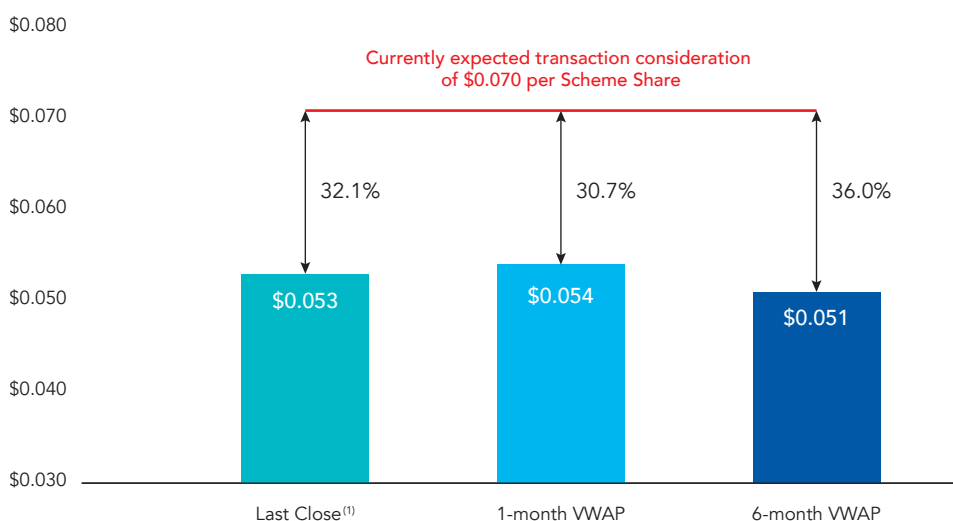
## 1.1 Why you should vote in favour of the Transaction continued

### (b) The currently expected Transaction Consideration represents an attractive premium to the trading levels of Spicers Shares on ASX prior to the announcement of the proposed transaction after the market closed on 17 January 2019

If the Transaction is approved and implemented, then, as at the date of this Explanatory Booklet and based on information currently available, the Spicers Directors currently expect that the total Transaction Consideration will be \$147.6 million or \$0.070 (7.0 cents) per Scheme Share.<sup>(3)</sup> This amount represents a premium of:

- (i) 32.1% to Spicers' last closing price on 17 January 2019<sup>(4)</sup> of \$0.053;
- (ii) 30.7% to the 1-month VWAP to 17 January 2019<sup>(4)</sup> of \$0.054; and
- (iii) 36.0% to the 6-month VWAP to 17 January 2019<sup>(4)</sup> of \$0.051.

The graph below illustrates the premium implied by a payment of \$0.070 (7.0 cents) per Scheme Share to the range of benchmarks listed above.



<sup>(1)</sup> Relative to the last close price before the announcement on 17 January 2019.

Source: Factset

The final total Transaction Consideration to be paid on implementation will be determined by Spicers closer to implementation of the Transaction and updates will be provided on the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au). Section 3.2 provides further detail on how this amount will be calculated and what you are currently expected to receive if the Transaction is approved and implemented.

### (c) The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Spicers Shareholders, in the absence of a Superior Proposal

The Spicers Directors appointed Pitcher Partners as the Independent Expert to assess the merits of the Scheme and to provide an opinion as to whether the Scheme is in the best interests of Spicers Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Spicers Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the fully diluted value of Spicers Shares to be in the range of \$0.066 and \$0.075. The currently expected Transaction Consideration of \$0.070 (7.0 cents) per Scheme Share is within this range.

A complete copy of the Independent Expert's Report is included in Annexure A. Your Directors encourage you to read the Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Transaction.

(3) Calculated based on 2,107,142,649 ordinary shares outstanding (inclusive of 50,200,000 Spicers Performance Rights).

(4) Being the last day on which Spicers Shares traded before Spicers announced that it and KPP had entered into the Scheme Implementation Deed.

## 1.1 Why you should vote in favour of the Transaction continued

### (d) The Transaction provides Spicers Shareholders with the certainty of a cash payment for their Spicer Shares

The Transaction Consideration consists wholly of cash.

The Transaction delivers certainty to Spicer Shareholders in the form of all cash consideration and immediate value for Spicer Shares. If the Capital Return is approved and the Scheme is implemented, then, on the Implementation Date, Spicer Shareholders will receive the Transaction Consideration (other than any Deferred Consideration) in cash for each Spicer Share that they own at the Record Date.

In contrast, if the Transaction does not proceed, the amount which Spicer Shareholders will be able to realise for their investment in Spicer will be uncertain. The Transaction removes this uncertainty for Spicer Shareholders. For further details of the risks relating to remaining a Spicer Shareholder, see section 6.

### (e) The price of Spicer Shares is likely to fall in the near term if the Transaction is not implemented and in the absence of a Superior Proposal

If the Transaction is not implemented, and in the absence of a Superior Proposal, Spicer Shares are likely to trade below the price at which they have traded since announcement of the Transaction on 17 January 2019.

In addition, the future trading price of Spicer Shares will continue to be subject to market volatility, including general stock market movements, the impact of general economic conditions and market demand for listed securities, compared to the value of \$0.070 (7.0 cents) cash per Scheme Share currently expected to be received under the Transaction.

In the 12 months before the announcement of the execution of the Scheme Implementation Deed on 17 January 2019, Spicer Shares traded between \$0.030 and \$0.061. The last closing price of Spicer Shares on ASX on 17 January 2019, being the last trading day prior to announcement of the Transaction, was \$0.053. From the date of the announcement of the Transaction to 15 May 2019, being the last practicable date before the date of this Explanatory Booklet, the closing price of Spicer Shares has ranged between \$0.065 and \$0.069.

If the Transaction is not implemented, then the trading price of Spicer Shares is likely to fall and trade at a price below the currently expected Transaction Consideration.

### (f) Cash payments provide Spicer Shareholders with the opportunity to access full liquidity in respect of disposal of their Spicer Shares

The market in Spicer Shares is relatively illiquid.

During the 18 month period prior to Spicer announcing its entry into the Scheme Implementation Deed on 17 January 2019, the daily average trading volume for Spicer Shares has only exceeded 1% of total Spicer Shares on issue on two occasions.

If the Transaction is approved and implemented, then the Transaction Consideration will be paid fully in cash. This would provide Spicer Shareholders with access to full liquidity in circumstances where some Spicer Shareholders presently face limited opportunities to achieve full liquidity in respect of the disposal of their Spicer Shares, or may only be able to do so at discounts to the applicable prevailing quoted share price.

### (g) No brokerage or stamp duty will be payable by you for the transfer of your Spicer Shares under the Transaction

You will not incur any brokerage or stamp duty on the transfer of your Spicer Shares to KPP under the Transaction. It is possible that such charges may be incurred if you dispose of or transfer your Spicer Shares in circumstances other than under the Transaction.

### (h) With global pulp and paper operations, and as a business partner of Spicer for many years, KPP is a natural owner for Spicer

With a similar culture and values, and a willingness to invest in growing key print & packaging, and sign & display revenue streams, the Spicer Board considers that KPP is an excellent strategic fit with Spicer.

### (i) Since the announcement of the Transaction, no Superior Proposal has emerged

Since the initial announcement of the Transaction on 17 January 2019 and up to the date of this Explanatory Booklet, no Superior Proposal has emerged and Spicer Directors are unaware of any Superior Proposal that is likely to emerge.

## 1.2 Why you may wish to vote against the Transaction

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Although the Transaction is recommended unanimously by Your Directors and the Independent Expert, who have concluded that the Scheme is in the best interests of Spicers Shareholders (in each case in the absence of a Superior Proposal), some factors which may lead you to consider voting against the Transaction include the following:

**(a) You may disagree with Your Directors' unanimous recommendation and the Independent Expert's conclusion and consider that the Transaction is not in your best interests**

Despite the view of Your Directors and the Independent Expert, you may believe that the Transaction is not in the best interests of Spicers Shareholders or not in your individual interest.

**(b) You may prefer to realise the potential value in Spicers Shares over the long term, and may consider that the Transaction does not capture Spicers' long-term potential**

If the Transaction is approved and implemented, then you will cease to be a Spicers Shareholder. As such, you will no longer be able to participate in the financial performance of Spicers in the future, or the future prospects of Spicers' ongoing business, including any benefits that may result from being a Spicers Shareholder. However, there is no guarantee as to Spicers' future performance and share price (as further detailed in section 6 (Risks)), as with all investments in listed securities.

**(c) You may believe that it is in your interests to maintain your current investment and risk profile**

You may wish to maintain your investment in Spicers in order to have an investment in a publicly listed company with the specific characteristics of Spicers in terms of industry, operations, profile, size, capital structure and potential capital management initiatives.

Implementation of the Transaction may result in a disadvantage to those who wish to maintain their investment profile. Spicers Shareholders who wish to maintain their investment profile may find it difficult to find an investment with a similar profile to that of Spicers and they may incur transaction costs in undertaking any new investment.

**(d) The tax consequences of the Transaction may not suit your current financial position**

Implementation of the Transaction may trigger taxation consequences for Spicers Shareholders, such as the realisation of a capital gain or a capital loss. A general guide to the Australian taxation implications of the Transaction is set out in section 7. This guide is expressed in general terms only and Spicers Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

**(e) You may consider that there is potential for a Superior Proposal to be made in the foreseeable future**

It is possible that, if Spicers were to continue as an independent listed entity, a different corporate control proposal for Spicers could materialise in the future, such as a takeover bid with a higher offer. Implementation of the Transaction will mean that Spicers Shareholders will not receive the benefit of any such proposal.

Since the announcement of the entry into the Scheme Implementation Deed by Spicers on 17 January 2019 and up to the date of this Explanatory Booklet, no Superior Proposal has emerged and the Spicers Directors are unaware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Deed prohibits Spicers from soliciting a Competing Proposal. However, Spicers is permitted to respond to any bona fide Competing Proposal should the Spicers Directors determine that failing to do so would likely constitute a breach of their fiduciary or statutory duties or obligations (and after having obtained written advice from Spicers' external legal adviser). Further details of the key terms of the Scheme Implementation Deed (including a summary of Spicers' obligations in relation to responding to a Competing Proposal) are provided in section 8.10.

# 2

## Frequently asked questions

Question	Answer	More information
<b>Transaction</b>		
<b>Why have I received this Explanatory Booklet?</b>	<p>This Explanatory Booklet has been sent to you because you are a Spicers Shareholder and Spicers Shareholders are being asked to vote on the Scheme and Capital Return (referred to together as the <b>Transaction</b>), which, if approved, will result in KPP acquiring all the Spicers Shares.</p> <p>This Explanatory Booklet is intended to help you to decide how to vote on the Transaction Resolutions which need to be passed at the Transaction Meetings to allow the Transaction to proceed.</p>	N/A
<b>What is the Transaction?</b>	<p>The Transaction involves KPP acquiring all Spicers Shares which, if approved by Spicers Shareholders and the Court, will be implemented by way of:</p> <ul style="list-style-type: none"> <li>• a scheme of arrangement – which is a statutory procedure that is commonly used to enable one company to acquire another company. The Scheme is between Spicers and Scheme Shareholders and will effect the acquisition of Spicers by KPP (referred to as the <b>Scheme</b>); and</li> <li>• an equal capital return by Spicers to Spicers Shareholders (referred to as the <b>Capital Return</b>).</li> </ul>	<p>Section 3 contains an overview of the Transaction.</p> <p>A copy of the Scheme is contained in Annexure B.</p>
<b>What is the effect of the Transaction?</b>	<p>If the Transaction is approved by Spicers Shareholders and the Scheme is approved by the Court, then:</p> <ul style="list-style-type: none"> <li>• if you are Scheme Shareholder, all of your Spicers Shares as at the Record Date will be transferred to KPP (without any further action by you);</li> <li>• Spicers will undertake the Capital Return; and</li> <li>• if you are a Scheme Shareholder, you will receive, in respect of each Spicers Share that you hold at the Record Date, the Scheme Consideration and the Capital Return Consideration.</li> </ul>	<p>Section 3 contains an overview of the Transaction.</p>
<b>Who is KPP?</b>	<p>KPP is an international paper-trading company incorporated in Japan, headquartered in Tokyo and listed on the Tokyo Stock Exchange. KPP is involved in the purchase, sale, import and export of paper and paper based materials. Utilising its global supplier network, KPP supplies paper and peripheral materials to a large number of customers all over Japan and the world. KPP has operations throughout Japan, South-East Asia, Australia, North America and internationally.</p> <p>KPP also provides recycling systems for offices and towns and is involved in the leasing of buildings, warehouses and other facilities.</p>	<p>Section 5 contains further details about KPP and the KPP Group.</p>

Question	Answer	More information
<b>Transaction continued</b>		
<b>Are there any conditions to be satisfied?</b>	<p>There are certain conditions that will need to be satisfied or waived (where capable of waiver) before the Transaction can be implemented.</p> <p>In summary, as at the date of this Explanatory Booklet, the outstanding conditions include:</p> <ul style="list-style-type: none"> <li>• as at 8.00am on the Second Court Date, the total amount to be paid to Scheme Shareholders is at least \$0.066 per Spicers Share;</li> <li>• approval from eligible Spicers Shareholders;</li> <li>• Court approval at the Second Court Hearing;</li> <li>• no legal or regulatory restraints on, or orders preventing, the implementation of the Scheme;</li> <li>• the Independent Expert not changing its conclusion or withdrawing the Independent Expert's Report before 8.00am on the Second Court Date;</li> <li>• no Spicers Material Adverse Change occurring between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date; and</li> <li>• no Spicers Prescribed Occurrence occurring between the date of the Scheme Implementation Deed and 8.00am on the Second Court Date.</li> </ul> <p>As at the date of this Explanatory Booklet, the Directors are not aware of any reason why these conditions should not be satisfied or waived (where capable of waiver).</p>	Section 8.10(a) contains further information on the conditions to the Transaction.
<b>What do the Spicers Directors recommend and how do they intend to vote?</b>	<p>Your Directors unanimously recommend that Spicers Shareholders vote in favour of the Transaction, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Spicers Shareholders.</p> <p>Each Spicers Director who holds Spicers Shares intends to vote all Spicers Shares held or controlled by them in favour of the Transaction, subject to the same qualifications.</p>	<p>Section 1.1 provides a summary of the reasons why the Spicers Directors consider that Spicers Shareholders should vote in favour of the Transaction.</p> <p>Section 1.2 provides a summary of some of the reasons why Shareholders may wish to vote against the Transaction.</p>
<b>What is the opinion of the Independent Expert?</b>	The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Spicers Shareholders, in the absence of a Superior Proposal.	A copy of the Independent Expert's Report is contained in Annexure A.
<b>What should I do?</b>	You should read this Explanatory Booklet carefully in its entirety and then vote by attending the Transaction Meetings, or by appointing a proxy or representative to vote on your behalf.	N/A



Question	Answer	More information
<b>Transaction Consideration</b>		
<b>What will I receive under the Transaction?</b>	<p>As at the date of this Explanatory Booklet and based on information currently available, the Spicers Directors currently expect that the total Transaction Consideration to be paid to Scheme Shareholders will be \$147.6 million or \$0.070 (7.0 cents) per Scheme Share. The final Transaction Consideration to be paid on implementation of the Transaction will be determined by Spicers closer to implementation and updates will be provided on the Spicers website at <a href="http://www.spicerslimited.com.au">www.spicerslimited.com.au</a>.</p> <p>If you hold Scheme Shares, then for each Scheme Share that you hold you will be entitled to receive:</p> <ul style="list-style-type: none"> <li>• <b>Base Scheme Consideration:</b> An amount equal to \$90 million divided by the total number of Scheme Shares. This amount will be paid by KPP for the acquisition of the Scheme Shares and is currently expected to be \$0.043 per Scheme Share.</li> <li>• <b>Capital Return Consideration:</b> An amount to be paid to Spicers Shareholders by way of capital return as part of the Transaction. The amount to be distributed to Spicers Shareholders will include the net proceeds received by Spicers from the sale of its Asian operations in December 2018, net proceeds from the sale of certain properties in Tasmania, net proceeds from the sale of a property in Singapore expected to be received before the Transaction is implemented, and an amount of excess net cash in the business as at 30 June 2019. The final amount will be determined by Spicers closer to the Implementation Date, but is currently estimated to be approximately \$0.027 per Scheme Share.</li> <li>• <b>Deferred Consideration:</b> The Singapore Property Sale Proceeds if these are not received by Spicers by the date that is two Business Days before the Implementation Date, but are received within 12 months after the Implementation Date. If Spicers receives the Singapore Property Sale Proceeds during that period, then KPP will procure the payment of the net amount of such proceeds to the Scheme Shareholders. As at the date of this Explanatory Booklet, the Singapore Property Sale Proceeds are expected to be received prior to the implementation of the Transaction and all Transaction Consideration is expected to be paid to Spicers Shareholders on the Implementation Date.</li> </ul>	Section 3.2 sets out further details on the Transaction Consideration.
<b>What will I receive if the Transaction is not approved and implemented?</b>	<p>If the Scheme is not approved by the requisite majorities at the Scheme Meeting, then you will not receive the Transaction Consideration.</p> <p>In that event, the Spicers Board will consider, as part of the future for Spicers, what capital management initiatives are appropriate having regard to its cash position and future strategy. No assurance can be given as to whether these initiatives will include any capital distribution.</p>	Section 3.2 sets out further details on the Transaction Consideration.
<b>Can I participate in the Capital Return and not the Scheme?</b>	No. Spicers will not undertake the Capital Return unless the Scheme becomes Effective. The Scheme will not become Effective if the Capital Return Resolution is not approved by Spicers Shareholders.	N/A
<b>How will I be taxed on the Capital Return Consideration received?</b>	Spicers has lodged a class ruling application with the ATO seeking confirmation on specific Australian tax implications of the Transaction for Spicers Shareholders. The ATO has indicated that at this stage it has no concerns with the ATO Class Ruling lodged by Spicers. Therefore, it is expected that the ATO Class Ruling will confirm that, if the Transaction is approved and implemented, then the whole Capital Return Consideration amount is not a dividend for Australian income tax purposes.	<p>Section 3.5 contains further detail on the ATO Class Ruling.</p> <p>Section 7 contains an overview of the tax implications of the Transaction.</p>

Question	Answer	More information
<b>Transaction Consideration continued</b>		
<b>When will I be paid?</b>	<p>Payment of the Transaction Consideration (other than any Deferred Consideration) will occur in accordance with the Scheme on the Implementation Date. The Implementation Date is currently expected to be 16 July 2019.</p> <p>KPP will procure the payment of any Deferred Consideration payable to Spicers Shareholders (who held Spicers Shares as at the Record Date) promptly following its receipt. As at the date of this Explanatory Booklet, all Transaction Consideration is expected to be paid to Spicers Shareholders on the Implementation Date.</p>	Section 3.2 sets out further details on the Transaction Consideration.
<b>How will I be paid?</b>	<p>All payments will be made by direct deposit into your nominated bank account, as advised to the Spicers Registry as at the Record Date.</p> <p>If you have not nominated a bank account, payment will be made by Australian dollar cheque, sent by post to your registered address as shown on the Spicers Register.</p> <p>Spicers Shareholders are encouraged to ensure that their contact details and banking instructions are up to date. This can be completed by either reviewing your shareholder information online at <a href="http://www-au.computershare.com/investor">www-au.computershare.com/investor</a> or calling the Spicers Shareholder Information Line on 1300 048 154 (within Australia) or +61 3 9415 4285 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Melbourne time). Providing up to date direct deposit banking instructions will ensure you will receive funds efficiently.</p>	Section 3.2 sets out further details on the Transaction Consideration.
<b>Shareholder entitlements</b>		
<b>Can I sell my Spicers Shares now?</b>	<p>You can sell your Spicers Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which may vary from the Transaction Consideration).</p> <p>Spicers intends to apply to ASX for Spicers Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be 3 July 2019). You will not be able to sell your Spicers Shares on market after this time.</p>	N/A
<b>Voting on the Transaction</b>		
<b>What vote is required to approve the Transaction?</b>	<p><b>Scheme:</b> For the Scheme to proceed, the Scheme Resolution must be passed at the Scheme Meeting by:</p> <ul style="list-style-type: none"> <li>• a majority in number of Spicers Shareholders who vote on the Scheme Resolution in person or by proxy or representative; and</li> <li>• at least 75% of the votes cast by Spicers Shareholders on the Scheme Resolution.</li> </ul> <p>The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.</p> <p><b>Capital Return:</b> For the Capital Return to proceed, the Capital Return Resolution must be passed at the Special General Meeting by at least 50% of the votes cast by Spicers Shareholders on the Capital Return Resolution.</p>	<p>Section 3.9(a) and the Notice of Scheme Meeting contained in Annexure D set out further details on the Scheme approval requirements.</p> <p>Section 3.9(b) and the Notice of Special General Meeting contained in Annexure E set out further details on the Capital Return approval requirements.</p>

Question	Answer	More information
<b>Voting on the Transaction continued</b>		
<b>Am I entitled to vote?</b>	<p><b>Scheme:</b> Each Spicers Shareholder who is registered on the Spicers Register at 7.00pm (Melbourne time) on 24 June 2019 is entitled to vote at the Scheme Meeting.</p> <p><b>Capital Return:</b> Each Spicers Shareholder who is registered on the Spicers Register at 7.00pm (Melbourne time) on 24 June 2019 is entitled to vote at the Special General Meeting.</p>	<p>The Notice of Scheme Meeting contained in Annexure D sets out further details on your entitlement to vote on the Scheme Resolution.</p> <p>The Notice of Special General Meeting contained in Annexure E sets out further details on your entitlement to vote on the Capital Return Resolution.</p>
<b>How do I vote?</b>	If you are eligible to vote, you can vote by appointing a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to attend the Transaction Meetings and vote on your behalf, or by attending the Transaction Meetings in person.	<p>The Notice of Scheme Meeting contained in Annexure D sets out further details on your entitlement to vote on the Scheme Resolution.</p> <p>The Notice of Special General Meeting contained in Annexure E sets out further details on your entitlement to vote on the Capital Return Resolution.</p>
<b>When and where will the Transaction Meetings be held?</b>	<p>The Transaction Meetings will be held on 26 June 2019 at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia.</p> <p>The Scheme Meeting will commence at 10.00am.</p> <p>The Special General Meeting will commence at the later of 10.15am and the adjournment or conclusion of the Scheme Meeting.</p>	<p>The Notice of Scheme Meeting contained in Annexure D sets out further details on the Scheme Meeting.</p> <p>The Notice of Special General Meeting contained in Annexure E sets out further details on the Special General Meeting.</p>
<b>When will the result of the Transaction Meetings be known?</b>	<p>The results of the Transaction Meetings will be available shortly after the conclusion of the meetings and will be announced to ASX once available.</p> <p>Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to approval of the Court.</p>	N/A

Question	Answer	More information
<b>Voting on the Transaction continued</b>		
<b>What happens to my Spicers Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?</b>	If you do not vote, or you vote against the Scheme, and the Scheme becomes Effective, any Spicers Shares held by you on the Record Date (currently expected to be 7.00pm on 8 July 2019) will be transferred to KPP and you will receive the Transaction Consideration, notwithstanding that you did not vote or voted against the Scheme.	N/A
<b>Can I oppose the Scheme at the Second Court Hearing?</b>	You have the right as a Spicers Shareholder to appear and make submissions at the Second Court Hearing which is scheduled to be held at 10.15am on 3 July 2019 at the Federal Court of Australia – Victorian Registry, Owen Dixon Commonwealth Law Courts Building, 305 William Street, Melbourne.	Important Notices on inside front cover
<b>What happens if the Transaction does not proceed?</b>	<p>If the Scheme is not approved at the Scheme Meeting, the Capital Return is not approved at the Special General Meeting or another condition to the Transaction is not satisfied or waived (where capable of waiver), then neither the Scheme nor the Capital Return will be implemented.</p> <p>If the Transaction is not implemented, then Scheme Shareholders will not receive the Transaction Consideration but will retain their Spicers Shares. In these circumstances, Spicers will, in the absence of another proposal, continue to operate as a stand-alone company listed on ASX and you will continue to hold your Spicers Shares and continue to be exposed to risks and opportunities associated with your investment in Spicers.</p> <p>In that event, the Spicers Board will consider, as part of the future for Spicers, what capital management initiatives are appropriate having regard to its cash position and future strategy. No assurance can be given as to whether these initiatives will include any capital distribution.</p>	N/A
<b>Where can I get further information?</b>	For further information, you can call the Spicers Shareholder Information Line on 1300 048 154 (within Australia) or +61 3 9415 4285 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Melbourne time).	N/A

# 3

## Details of the Transaction

### 3.1 Overview

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On 17 January 2019, Spicers announced that it had entered into the Scheme Implementation Deed with KPP, under which it is proposed that KPP will acquire all Spicers Shares pursuant to a transaction involving a scheme of arrangement and a distribution to Spicers Shareholders.

The Transaction has two key elements – the Scheme and the Capital Return.

The Scheme is conditional on the Capital Return and Spicers will not undertake the Capital Return unless the Scheme becomes Effective. Therefore, for the Transaction to proceed, Spicers Shareholders must vote in favour of the Scheme (by the majorities set out in section 3.9(a)(iii)), the Scheme must be approved by the Court and Spicers Shareholders must vote in favour of the Capital Return (by the majority set out in section 3.9(b)(iii)). The Transaction is also subject to the satisfaction or waiver (where capable of waiver) of the other conditions precedent described in section 8.10(a).

If the Transaction is approved by Spicers Shareholders and by the Court, and all other conditions precedent are satisfied or waived (where capable of waiver), then Spicers will become a wholly-owned subsidiary of KPP and will be delisted from ASX.

If the Transaction is not approved, then the Scheme will not proceed, the Capital Return will not be implemented and Spicers will continue as a stand-alone entity listed on ASX.

### 3.2 What you will receive

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As at the date of this Explanatory Booklet and based on information currently available, the Spicers Directors currently expect that the total Transaction Consideration to be paid to Spicers Shareholders who are registered in the Spicers Register as holders of Spicers Shares as at the Record Date (referred to as **Scheme Shareholders**) will be \$147.6 million or \$0.070 (7.0 cents) per Scheme Share. The final Transaction Consideration will be determined by Spicers closer to implementation of the Transaction as described below and updates will be provided on the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

The Transaction Consideration will comprise the following amounts:

#### (a) Base Scheme Consideration

An amount equal to \$90 million, to be divided by the total number of Scheme Shares. This amount will be paid by KPP in cash for the acquisition of the Scheme Shares.

The total number of Scheme Shares is currently expected to be 2,107,142,649, based on the total number of Spicers Shares on issue as at the date of this Explanatory Booklet plus the Spicers Shares to be issued in respect of Spicers Performance Rights that are currently expected to vest before the Record Date.

The Base Scheme Consideration is therefore expected to be \$0.043 per Scheme Share.

#### (b) Capital Return Consideration

As at the date of this Explanatory Booklet and based on information currently available, the Spicers Directors currently expect that an amount equal to \$57.6 million, or \$0.027 per Scheme Share, will be paid to Scheme Shareholders by way of capital return.

## 3.2 What you will receive continued

The components of the Capital Return Consideration are summarised in the table below and described in further detail below the table:

Capital Return Component	Amount (A\$ million)
Asian operations net sale proceeds (including net cash repatriated to Spicers)	22.2
Property net sale proceeds	
Tasmanian properties net sale proceeds	4.4
Expected Singapore Property Sale Proceeds	10.0*
Expected excess net cash	21.0*
<b>Expected total</b>	<b>57.6*</b>

\* Estimate as at the date of this Explanatory Booklet

The total amount of the Capital Return Consideration to be distributed to Scheme Shareholders will comprise the following amounts:

- (i) **(Asian operations)** \$22.2 million, being the net proceeds received by the Spicers Group in respect of the sale of its Asian operations to JPP in December 2018, which includes the amount of the 'net cash' balances in the Asian operations repatriated to Spicers. Spicers Shareholders previously approved a capital return of up to \$15 million in respect of the proceeds from the sale of the Asian operations at the 2018 Annual General Meeting.
- (ii) **(Property sales proceeds)** An amount, currently expected to be \$14.4 million, comprising the net proceeds received from the sale of properties held by the Spicers Group in Tasmania and Singapore as described below:
  - (A) **Tasmania** – \$4.4 million, being the net proceeds received by the Spicers Group for the sale of the properties at 7-15 Reeves Street, Burnie and 226 Mill Road, Wesley Vale.
  - (B) **Singapore** – As announced to ASX on 24 January 2019 and 14 May 2019, the expected net proceeds for the sale of the property at 3 Gul Crescent, Singapore to HLS Property Pte Ltd are SG\$9.9 million<sup>(5)</sup> (A\$10.0 million, based on an exchange rate of 1.01 Australian Dollars to 1.00 Singaporean Dollar). Completion of this sale is expected to occur in early June 2019.
- (iii) **(Excess net cash)** An amount, currently expected to be \$21.0 million, of excess net cash in the business as at 30 June 2019, to be calculated as follows:
  - (A) the total of all cash and cash equivalents held by the Spicers Group as set out in the CASH account code in the general ledger of the Spicers Group; *less*
  - (B) the amount of external financial debt of the Spicers Group (being the 'Financial Debt Payout Amount' as that term is defined in the Scheme Implementation Deed); *less*
  - (C) Spicers' unpaid transaction costs for the Transaction, including payments to the Spicers Directors (being the 'Transaction Costs' as that term is defined in the Scheme Implementation Deed); *less*
  - (D) an amount equal to any amounts paid by Spicers for directors' and officers' run-off insurance cover as contemplated under clause 11.5(b) of the Scheme Implementation Deed; *less*
  - (E) an amount equal to the outstanding liability for the Spicers Group for Victorian and Tasmanian workers compensation self-insurance commitments for claims incurred to 31 May 2019, with the liability measured based on an independent actuarial report dated on or about 30 June 2019; *less*
  - (F) an amount (if any) of cash and cash equivalents to be retained by Spicers to ensure that the Net Working Capital (as that term is defined in the Scheme Implementation Deed) of the Spicers Group that will be recorded in the reconciled general ledgers of the Spicers Group as at 30 June 2019 (as estimated by the Spicers Board acting reasonably and in good faith) is at least \$60.2 million.

Under the terms of the Scheme Implementation Deed, the final amount of excess net cash is to be determined by Spicers by 9 July 2019. That amount will be announced to ASX and notified on Spicers' website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

(5) These proceeds will be received by the Spicers Group by way of deferred consideration payable under the terms of the agreement for the sale of the Asian operations with JPP.

## 3.2 What you will receive continued

### (c) Deferred Consideration

As noted in section 3.2(b)(ii)(B) above, Spicers expects to receive proceeds in respect of the Singapore property sale before the Transaction is implemented. If the Singapore Property Sale Proceeds are received at least two Business Days prior to implementation, then those proceeds will form part of the Capital Return and will be returned to Scheme Shareholders at implementation as described in section 3.2(b) above. However, if the Singapore Property Sale Proceeds are not received at least two Business Days prior to implementation but are received during the 12 months after the Transaction is implemented, then KPP will promptly procure the payment of the net amount of such proceeds to the Scheme Shareholders as Deferred Consideration. Scheme Shareholders will receive, in respect of each Scheme Share they hold, an amount equal to the aggregate of the net proceeds divided by the total number of Scheme Shares.

The Scheme Implementation Deed contains a condition precedent which requires that, as at 8.00am on the Second Court Date, the aggregate of the Transaction Consideration is equal to or greater than \$0.066 per Scheme Share.

Updates to the components of the Transaction Consideration described above (including as final amounts are confirmed by Spicers) will be announced on ASX and notified on Spicers' website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

The Transaction Consideration (other than any Deferred Consideration) will be paid to Scheme Shareholders on the Implementation Date, which is currently expected to be 16 July 2019. Any Deferred Consideration will be paid to Scheme Shareholders promptly following its receipt.

## 3.3 Scheme

If the Transaction is approved by Spicers Shareholders and the Scheme is approved by the Court, and if all other conditions precedent are satisfied or waived (where capable of waiver), then:

- the Scheme will become Effective on the Effective Date;
- at the close of trading on the Effective Date, Spicers Shares will cease trading on ASX; and
- on the Implementation Date, all the Spicers Shares held by Scheme Shareholders as at the Record Date will be transferred to KPP (without any need for action by Scheme Shareholders) and the Transaction Consideration (other than any Deferred Consideration) will be paid to Scheme Shareholders.

As a result of the implementation of the Scheme, Scheme Shareholders will cease to hold Spicers Shares and Spicers will become a wholly-owned subsidiary of KPP and will be delisted from ASX.

The Scheme is conditional on the Capital Return Resolution being passed by Spicers Shareholders. This means that the Scheme will not become Effective if the Capital Return Resolution is not approved by Spicers Shareholders.

On 18 April 2019, KPP and Spicers agreed to amendments to the Scheme contained in Schedule 2 to the Scheme Implementation Deed to ensure consistency with the equivalent provisions in the Scheme Implementation Deed with respect to timing for lodgement of the office copy of the Court orders approving the Scheme and rounding of fractional entitlements to the Base Scheme Consideration. A copy of the Scheme as amended is contained in Annexure B.

## 3.4 Capital Return

If the Transaction is approved by Spicers Shareholders and the Scheme is approved by the Court, and if all other conditions precedent are satisfied or waived (where capable of waiver), then Spicers will also undertake the Capital Return on the Implementation Date.

The total amount that will be distributed by Spicers to Spicers Shareholders is the Capital Return Consideration. That amount will be finally determined by Spicers by the date that is two Business Days before the Implementation Date (that date is currently expected to be 11 July 2019). The amount is estimated as at the date of this Explanatory Booklet to be \$0.027 per Scheme Share. The components of the Capital Return Consideration are described in section 3.2(b).

The Capital Return will be an equal reduction of the share capital of Spicers and will be satisfied by payment by Spicers on the Implementation Date of the Capital Return Consideration in cash to Scheme Shareholders. An equal reduction applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold and the terms of the reduction are the same for each holder of ordinary shares.



### 3.5 ATO Class Ruling

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The ATO has indicated that at this stage it has no concerns with the ATO Class Ruling lodged by Spicers. Therefore, it is expected that the ATO Class Ruling will confirm that, if the Transaction is approved and implemented, then the whole Capital Return Consideration amount will not be a dividend for Australian income tax purposes.

### 3.6 Entitlement to participate in the Transaction

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Scheme Shareholders will be entitled to participate in the Scheme. A 'Scheme Shareholder' is a Spicers Shareholder (other than an entity within the KPP Group) as at the Record Date.

Spicers Shareholders as at the Record Date will be entitled to participate in the Capital Return.

### 3.7 Dealings on or before the Record Date

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For the purpose of determining which Spicers Shareholders are eligible to participate in the Scheme and the Capital Return, dealings in Spicers Shares will be recognised only if:

- (a) in the case of dealings of the type to be effected using CHESS (Clearing House Electronic Subregister System), the transferee is registered on the Spicers Register as the holder of the relevant Spicers Shares as at 7.00pm (Melbourne time) on the Record Date (currently expected to be 8 July 2019); and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received by the Spicers Registry by 5.00pm on the Record Date (and the transferee remains registered as at the Record Date).

For the purposes of determining entitlements under the Scheme and the Capital Return, Spicers will not accept for registration or recognise any transfer or transmission applications in respect of Spicers Shares received after such time or received prior to such time but not in registrable form.

### 3.8 Dealings after the Record Date

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For the purposes of determining entitlements to the Transaction Consideration, Spicers must maintain the Spicers Register in its form as at the Record Date until the Transaction Consideration has been paid to the Scheme Shareholders on the Implementation Date. The Spicers Register in this form will solely determine entitlements to the Transaction Consideration, including any Deferred Consideration.

As from the Record Date:

- (a) all holding statements for Scheme Shares will cease to have effect as documents of title in respect of such Scheme Shares; and
- (b) each entry on the Spicers Register relating to the Scheme Shares will cease to have effect except as evidence of the entitlements to the Transaction Consideration, including any Deferred Consideration, in respect of such Scheme Shares.

### 3.9 Transaction procedure

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#### (a) Scheme Meeting

##### (ii) Date and time of Scheme Meeting

In accordance with an order of the Court dated 17 May 2019, Spicers has convened the Scheme Meeting to be held on Wednesday, 26 June 2019 at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia, commencing at 10.00am. The notice convening the Scheme Meeting is set out in Annexure D to this Explanatory Booklet and the terms of the Scheme are contained in Annexure B to this Explanatory Booklet. The purpose of the Scheme Meeting is for Spicers Shareholders to consider whether to approve the Scheme.

The fact that the Court has ordered the Scheme Meeting does not mean that the Court has formed any view as to the merits of the Scheme or as to how Spicers Shareholders should vote on the Scheme Resolution. On these matters, Spicers Shareholders must reach their own decision. In any event, the Court must approve the Scheme at the Second Court Hearing.

### 3.9 Transaction procedure continued

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(ii) **Scheme Resolution**

At the Scheme Meeting, Spicers Shareholders will be asked to consider and, if thought fit, to pass the Scheme Resolution to approve the Scheme.

(iii) **Majorities required to pass resolution**

The Scheme Resolution must be approved by:

- (A) a majority in number (more than 50%) of Spicers Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy or representative); and
- (B) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Spicers Shareholders present and entitled to vote at the Scheme Meeting (either in person or by proxy or representative).

The Court has the power to waive the first requirement.

(iv) **Entitlement to vote**

Each Spicers Shareholder (other than an entity within the KPP Group) who is registered on the Spicers Register at 7.00pm (Melbourne time) on 24 June 2019 is entitled to attend and vote at the Scheme Meeting.

#### (b) Special General Meeting in relation to the Capital Return

(i) **Date and time of Special General Meeting**

The Spicers Directors have convened the Special General Meeting to be held on Wednesday, 26 June 2019 at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia, commencing at the later of 10.15am (Melbourne time) and the adjournment or conclusion of the Scheme Meeting. The notice convening the Special General Meeting is contained in Annexure E to this Explanatory Booklet.

(ii) **Capital Return Resolution**

At the Special General Meeting, Spicers Shareholders will be asked to consider and, if thought fit, to pass the Capital Return Resolution as an ordinary resolution.

(iii) **Majority required to pass resolution**

The Capital Return Resolution must be approved by at least 50% of the total number of votes cast on the Capital Return Resolution at the Special General Meeting by Spicers Shareholders present and entitled to vote at the Special General Meeting (either in person or by proxy or representative).

(iv) **Entitlement to vote**

Each Spicers Shareholder who is registered on the Spicers Register at 7.00pm (Melbourne time) on 24 June 2019 is entitled to attend and vote at the Special General Meeting.

### 3.10 Conditions precedent to implementation of the Transaction

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The implementation of the Transaction is subject to conditions precedent which must be satisfied or waived (where capable of waiver) for the Transaction to proceed. A summary of the conditions precedent is included in section 8.10(a) and the conditions precedent are set out in full in clause 3.1 of the Scheme Implementation Deed, a full copy of which can be obtained from the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

### 3.11 Timetable

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An indicative timetable for the Transaction appears on page 3. All dates and times following the date of the Scheme Meeting and Special General Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court. Any changes to the timetable (which may include an earlier or later date for the Second Court Hearing) will be announced on ASX and notified on the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

## 3.12 Implementation of the Transaction

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If the Transaction Resolutions are approved by Spicers Shareholders and all other conditions precedent as described in section 8.10(a) (other than Court approval of the Scheme) have been satisfied or waived (as applicable), then the steps described below will be taken to implement the Transaction.

### (a) Court approval of the Scheme

If the Scheme is approved by the requisite majorities of Spicers Shareholders, and all other conditions precedent to the Scheme (other than approval by the Court) have been satisfied or waived (as applicable), then Spicers will apply to the Court for orders approving the Scheme at the Second Court Hearing.

The Court has a broad discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act.

The Second Court Hearing is scheduled to occur on 3 July 2019.

Each Spicers Shareholder has the right to appear at the Second Court Hearing.

### (b) Court orders

If the Court makes orders approving the Scheme, then Spicers will lodge a copy of those orders with ASIC under section 411(10) of the Corporations Act. As soon as the copies of the Court orders approving the Scheme are lodged with ASIC, the Scheme will become Effective. This is expected to occur on 3 July 2019.

If the Scheme becomes Effective, then Spicers and KPP will become bound to implement the Scheme in accordance with the terms of the Scheme and the Deed Poll.

### (c) Suspension of trading of Spicers Shares

If the Court approves the Scheme, then Spicers will notify ASX of that approval on the day it is received (expected to be 3 July 2019).

It is expected that suspension of trading in Spicers Shares on ASX will occur from the close of trading on the Effective Date.

### (d) Transfer of Spicers Shares

By no later than 12.00pm on the Business Day before the Implementation Date, KPP will deposit into an account in the name of Spicers an amount equal to the aggregate Base Scheme Consideration to be provided to Scheme Shareholders.

On the Implementation Date, subject to the deposit of the aggregate Base Scheme Consideration being made, the Spicers Shares held by Scheme Shareholders as at the Record Date will be transferred to KPP (without the need for any further act by any Scheme Shareholder) and Spicers will undertake the Capital Return.

### (e) Payment of Transaction Consideration

On the Implementation Date, Spicers will send to each Scheme Shareholder their entitlement to the Transaction Consideration (other than any Deferred Consideration) for their Spicers Shares as at the Record Date. That Transaction Consideration will be paid:

- where the Scheme Shareholder has nominated an Australian bank account that is currently used by Spicers for the payment of dividends – by electronic funds transfer in Australian currency into that account; or
- otherwise – by a cheque in Australian currency to the Scheme Shareholder by pre-paid post to their registered address.

### (f) Delisting of Spicers

Following the implementation of the Transaction, Spicers will apply for the termination of the official quotation of Spicers Shares on ASX and for Spicers to be removed from the official list of ASX.

### (g) End Date

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

## 3.13 Effect of the Transaction

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If the Transaction is implemented, then Scheme Shareholders will no longer hold Spicers Shares and the Spicers Shares held by Scheme Shareholders as at the Record Date will be transferred to KPP.

Scheme Shareholders will receive the Transaction Consideration, currently expected to be \$0.070 (7.0 cents) per Scheme Share.

# 4

## Information about Spicers

### 4.1 Overview of Spicers

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Spicers is a distribution business, supplying materials, equipment and solutions to its customers in the commercial print, labelling, graphics, signage, visual display and architectural industries. Spicers is a major supplier in its traditional commercial print paper products market, and also has significant positions in digital media, label and sign & display consumables market sectors.

Spicers is listed on ASX (ASX:SRS) and has operations throughout Australia and New Zealand. As at 15 May 2019, being the last practicable date before the date of this Explanatory Booklet, Spicers had a market capitalisation of approximately \$140.9 million (based on a closing price of \$0.069 per Spicers Share).

Spicers was first listed on ASX as PaperlinX Limited on 17 April 2000 after demerging from Amcor Limited. Spicers has transacted a number of acquisitions, including:

- (a) Spicers Paper Limited (a company then listed on ASX) in 2001;
- (b) iMedia in Australia in 2007, which assisted the business in expanding into the wide format digital printing sector;
- (c) Canterbury Packaging in New Zealand in 2012, as part of a growth strategy to increase industrial packaging business presence in the region; and
- (d) Total Supply Limited in New Zealand in 2014, to expand its business and strategic supply partnerships in the sign & display sector.

Spicers derives its income from the sale of a suite of products and services to the printing, signage, visual display and graphics industries, incorporating commercial print, packaging, digital media, sign & display, hardware, pressure sensitive labels and industrial packaging offerings. These offerings are supported by Spicers' local sales teams and broad distribution footprint.

### 4.2 Overview of assets, operations and strategy

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#### (a) Assets and operations

Spicers is a distributor of materials and services to customers in the commercial print, sign & display, pressure sensitive labelling, architectural and packaging market sectors.

Spicers stocks and distributes a wide range of products in two broad market sectors:

- (i) **Print & packaging categories:** A range of products are supplied to customers, covering traditional commercial print & packaging uses, including industrial packaging materials, through to expanding digital print and pressure sensitive labelling applications. Products include:
  - (A) coated and uncoated fine papers (many with recycled content);
  - (B) carbonless paper;
  - (C) speciality papers – coloured, textured, embossable;
  - (D) synthetic papers;
  - (E) digital (high speed inkjet) papers;
  - (F) cardboard packaging materials;
  - (G) pressure sensitive label materials; and
  - (H) other industrial packaging products, ranging from protective packaging through to wrapping films and self-adhesive tapes.

## 4.2 Overview of assets, operations and strategy continued

- (ii) **Sign & display and other diversified categories:** An array of products and services are provided to customers in the signage, visual display, labels and interior fit-out industries, from point-of-sale graphics and vehicle wraps through to shop fit-out and architectural applications. Products include:
- (A) flexible vinyl substrates – cut and coloured to suit a wide variety of applications;
  - (B) rigid substrates – a broad range of sign & display substrates;
  - (C) pressure sensitive films and wraps – coloured, reflective and protective materials for a varied range of applications;
  - (D) wide format printing equipment and inks;
  - (E) print media and finishing products – roll media and protective laminates;
  - (F) LED display products and components; and
  - (G) architectural – interior and window film solutions to suit varied fit-out and renovation applications.

The following table outlines the split of sales revenue<sup>(6)</sup> for the 12 months to 30 June 2018 by product portfolio categorisation:

Net sales revenue	
Print & packaging	\$220,199,000
Sign & display	\$77,484,000
<b>Total net sales revenue<sup>(6)</sup></b>	<b>\$297,683,000</b>

### (b) Strategic direction

Spicers' principal strategic focus is to be the supplier of choice in its chosen markets and for its businesses to maximise returns in commercial print & packaging markets, while driving profitable revenue growth in sign & display and other diversified market sectors.

Using a structured market and product segmentation approach, Spicers aims to achieve this by a combination of:

- (i) maximising returns in the commercial print & packaging market sectors, by leveraging off strong market positions, established national logistics footprints and valuable long-standing relationships with suppliers and customers; and
- (ii) driving strong, organic growth in sign & display and other diversified market sectors, using structured product categories to identify opportunities and develop positioning to meet market demand and customer needs. Opportunities to secure new brand and agency partnerships with suppliers are an important element of this organic growth strategy.

Strong market engagement with customers, operational excellence via developing a 'LEAN' culture in the business, and a focus on employee development are key areas to assist in executing Spicers' strategy.

## 4.3 Spicers Board and senior management

### (a) Spicers Board

The Spicers Board comprises the following directors:

Name	Current Position
Jonathan Trollip	Chairman and Non-executive Director
Andrew (Andy) Preece	Non-executive Director
Gabriel (Gaby) Berger	Non-executive Director
Nigel Burgess	Non-executive Director
Todd Plutsky	Non-executive Director
Vlad Artamonov	Non-executive Director

(6) Excludes net sales revenue from Asian operations, which were sold to JPP in December 2018.

### 4.3 Spicers Board and senior management continued

#### (b) Senior executive and management team

Members of the Spicers senior executive and management team include:

Name	Current Position
David Martin	Chief Executive Officer
Damien Power	Chief Financial Officer
Michael Clark	Company Secretary

### 4.4 Capital structure

#### (a) Capital structure and market capitalisation

The capital structure of Spicers as at the date of this Explanatory Booklet is as follows:

Capital	Total number on issue
Spicers Shares	2,056,942,649
Spicers Performance Rights	50,200,000

See section 8.11 for further information on the intended treatment of the Spicers Performance Rights in connection with the Transaction.

#### (b) Substantial Shareholders

Based on filings to ASX, the substantial holders of Spicers Shares as at 15 May 2019 are set out below.

Name	Number of Spicers Shares	Percentage of total
Coastal Capital International, Limited	301,834,437	14.40
Samuel Terry Asset Management Pty Limited	156,550,473	7.47
Ayersland Pty Ltd	129,325,735	6.14
Blann Properties Pty Limited	105,294,000	5.02

The shareholdings listed in this section 4.4(b) are as disclosed to Spicers by the shareholders in substantial holding notices. Information in regard to substantial holdings arising, changing or ceasing after this time or in respect of which the relevant announcement is not available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) is not included above.

## 4.5 Group structure

The following entities are Subsidiaries of Spicers Limited:

Name	Principal place of business/ Country of incorporation	Ownership interest
Paper Associates Pty Ltd	Australia	100%
PaperlinX Investments Pty Ltd	Australia	100%
PaperlinX Services Pty Ltd	Australia	100%
Pebmis Pty Ltd	Australia	100%
Spicers Australia Pty Ltd	Australia	100%
Tas Paper Pty Ltd	Australia	100%
Sign Technology Limited	New Zealand	100%
Spicers (N.Z.) Ltd	New Zealand	100%
Total Supply Limited	New Zealand	100%
Spicers Holdings (Asia) Pte Limited	Singapore	100%

Documents were filed with the Dutch Chamber of Commerce for the registration of the dissolution of PaperlinX Holdings Coöperatieve U.A with effect from 31 March 2019.

## 4.6 Historical financial information

This section 4.6 contains financial information relating to Spicers for the half-year ended 31 December 2018, and financial years ended 30 June 2018 and 30 June 2017. The financial information has been extracted from Spicers' financial results for the half-year ended 31 December 2018, and its audited financial statements for the financial years ended 30 June 2018 and 30 June 2017, which were audited by KPMG Australia.

The financial information in this section 4.6 is a summary only and has been prepared and extracted for the purposes of this Explanatory Booklet only.

Further detail about Spicers' financial performance can be found in the financial statements for the half-year ended 31 December 2018 (as announced to ASX on 15 February 2019) and for the financial years ended 30 June 2018 and 30 June 2017 (as announced to ASX on 24 August 2018 and 25 August 2017, respectively) and as can be found on the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

### (a) Basis of preparation

The historical financial information of Spicers is presented in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. It should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements.

The following selected financial information of Spicers has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act. The selected financial information is presented in Australian dollars, which is Spicers' functional currency. Amounts have been rounded off to the nearest thousand dollars, unless otherwise stated.

Except as set out in section 4.7, in the period between the end of the half-year ended 31 December 2018 and the date of this Explanatory Booklet, no item, transaction or event of a material and unusual nature has arisen which is likely, in the opinion of the Spicers Directors, to significantly affect the operations of Spicers, the results of those operations, or the state of affairs of Spicers, in future financial years other than as disclosed on ASX.

During the half-year ended 31 December 2018, Spicers' Asian operations were sold and therefore treated as part of 'discontinued operations' for the half-year ended 31 December 2018. For the financial years ended 30 June 2018 and 30 June 2017, the Asian operations were treated as part of 'continuing operations'.



## 4.6 Historical financial information continued

### (b) Consolidated statement of profit or loss and other comprehensive income

The following table presents the historical consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2018, and financial years ended 30 June 2018 and 30 June 2017.

	Year ended 30 June 2017 \$000	Year ended 30 June 2018 \$000	Half-year ended 31 Dec 2018 \$000
<b>Revenue from continuing operations</b>			
Revenue from sale of goods	380,666	384,044	158,596
Other income	1,192	691	421
<b>Expenses from continuing operations</b>			
Cost of inventory sold	(303,100)	(305,563)	(122,202)
Personnel costs	(40,345)	(39,689)	(15,618)
Logistics and distribution	(22,230)	(21,455)	(9,984)
Sales and marketing	(1,513)	(1,235)	(684)
Other expenses	(11,777)	(10,706)	(3,384)
Net finance costs	(426)	(290)	(177)
<b>Profit before tax</b>	2,467	5,797	6,968
Tax expense	(2,080)	(2,219)	(1,077)
<b>Profit from continuing operations, net of tax</b>	<b>387</b>	<b>3,578</b>	<b>5,891</b>
<b>Discontinued operations</b>			
Profit/(loss) from discontinued operations, net of tax	1,305	(67)	(12,542)
<b>Profit/(loss) for the period</b>	<b>1,692</b>	<b>3,511</b>	<b>(6,651)</b>

### Other comprehensive income

	Year ended 30 June 2017 \$000	Year ended 30 June 2018 \$000	Half-year ended 31 Dec 2018 \$000
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of overseas subsidiaries	(2,760)	624	3,291
<b>Items reclassified to profit or loss</b>			
Exchange differences on disposal of controlled entities	211	601	14,717
<b>Total comprehensive (loss)/income for the period, net of tax</b>	<b>(857)</b>	<b>4,736</b>	<b>11,357</b>

## 4.6 Historical financial information continued

### (c) Consolidated statement of financial position

The following table presents the historical consolidated statement of financial position as at 31 December 2018, 30 June 2018 and 30 June 2017.

	As at 30 June 2017 \$000	As at 30 June 2018 \$000	As at 31 Dec 2018 \$000
<b>Assets</b>			
Cash and cash equivalents	29,928	41,135	41,143
Short-term deposits	3,955	3,955	1,682
Trade and other receivables	74,290	73,956	70,209
Inventories	87,628	78,911	68,034
<b>Total current assets</b>	<b>195,801</b>	<b>197,957</b>	<b>181,068</b>
<b>Non-current assets</b>			
Receivables	74	–	–
Property, plant and equipment	8,787	8,966	5,479
Intangible assets	28,262	27,839	28,799
Deferred tax assets	623	687	451
<b>Total non-current assets</b>	<b>37,746</b>	<b>37,492</b>	<b>34,729</b>
<b>Total assets</b>	<b>233,547</b>	<b>235,449</b>	<b>215,797</b>
<b>Current liabilities</b>			
Bank overdrafts	–	–	1,996
Trade and other payables	84,907	87,928	55,285
Loans and borrowings	2,042	–	2,173
Income tax payable	2,927	1,443	1,369
Employee benefits	7,668	6,624	5,618
Provisions	1,508	1,979	602
<b>Total current liabilities</b>	<b>99,052</b>	<b>97,974</b>	<b>67,043</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	29	103	59
Employee benefits	542	443	357
<b>Total non-current liabilities</b>	<b>571</b>	<b>546</b>	<b>416</b>
<b>Total liabilities</b>	<b>99,623</b>	<b>98,520</b>	<b>67,459</b>
<b>Net assets</b>	<b>133,924</b>	<b>136,929</b>	<b>148,338</b>
<b>Equity</b>			
Issued capital	1,936,607	1,934,824	1,934,824
Reserves	(11,300)	(9,981)	8,079
Accumulated losses	(1,791,383)	(1,787,914)	(1,794,565)
<b>Total equity</b>	<b>133,924</b>	<b>136,929</b>	<b>148,338</b>

## 4.6 Historical financial information continued

### (d) Consolidated statement of cash flows

The following table presents the historical statement of cash flows for the financial half-year ended 31 December 2018, and financial years ended 30 June 2018 and 30 June 2017.

	Year ended 30 June 2017 \$000	Year ended 30 June 2018 \$000	Half-year ended 31 Dec 2018 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers	380,018	388,217	191,964
Payments to suppliers and employees	(371,119)	(368,404)	(204,403)
Interest received	328	444	186
Interest paid	(795)	(461)	(117)
Income taxes paid	(2,145)	(2,541)	(1,284)
<b>Net cash from/(used in) operating activities</b>	<b>6,287</b>	<b>17,255</b>	<b>(13,654)</b>
<b>Cash flows from investing activities</b>			
Net (payments)/proceeds from the disposal of:			
• Controlled entities and businesses (proceeds less transaction costs) – net of cash and bank overdraft disposed	–	–	15,734
• Property, plant and equipment	19	31	10
• Short-term deposits	–	–	2,273
Net (payments)/proceeds for controlled entities and businesses disposed in prior periods	(302)	576	(9,515)
Acquisition of:			
• Controlled entities and businesses (net of cash and bank overdraft acquired)	–	(795)	–
• Property, plant and equipment and intangibles	(877)	(1,334)	(176)
<b>Net cash (used in)/from investing activities</b>	<b>(1,160)</b>	<b>(1,522)</b>	<b>8,326</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	188	–	2,126
Repayment of borrowings	(2,960)	(2,148)	–
Capitalised borrowing costs paid	(24)	(26)	–
Financing cash flows from financial liabilities	(2,796)	(2,174)	2,126
Share issue expenses	(3,112)	(3,214)	–
Other borrowing costs paid	(70)	(75)	(46)
<b>Net cash used in/(from) financing activities</b>	<b>(5,978)</b>	<b>(5,463)</b>	<b>2,080</b>
Net (decrease)/increase in cash and cash equivalents	(851)	10,270	(3,248)
Cash and cash equivalents at the beginning of the period	31,626	29,928	41,135
Effect of exchange rate changes on cash held	(847)	937	1,260
<b>Cash and cash equivalents at the end of the period</b>	<b>29,928</b>	<b>41,135</b>	<b>39,147</b>

## 4.7 Financial results

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### (a) Financial year ended 30 June 2018

Spicers publicly released its consolidated financial statements for the financial year ended 30 June 2018 on 24 August 2018. The following should be noted:

- Net sales revenue of \$384 million for FY2018 returned to growth, 0.9% higher than the prior corresponding period (pcp). Print & Packaging and Sign & Display revenue streams both grew.
- Profit after tax from continuing operations was \$3.6 million, significantly up on pcp by \$3.2 million. All regional operating segments in Australia, New Zealand and Asia delivered local currency profit results ahead of pcp, through a mix of healthy trading results in key product categories and broad reductions in operating costs. Underlying corporate costs were lower than pcp, with savings realised across all key expense areas.
- FY2018 net cash inflow from operating activities was \$17.3 million, substantially up on pcp, driven by a sharp reduction in net working capital levels.
- The net assets of the Spicers Group as at 30 June 2018 were \$136.9 million.

### (b) Half-year ended 31 December 2018

Spicers publicly released its consolidated financial statements for the financial half-year ended 31 December 2018 on 15 February 2019. The following should be noted:

- Net sales revenue from continuing operations (consisting of Australia and New Zealand, following completion of the sale of Spicers' Asian operations to JPP in December 2018) was \$158.6 million, up on pcp. Print & Packaging revenue grew strongly, while Sign & Display revenue was lower in challenging market conditions.
- Profit after tax from continuing operations of \$5.9 million was strongly up by \$4.0 million on pcp. Australia's profit result was sharply up on pcp, driven by strong market engagement in Print & Packaging categories and continued tight control of operating expenses. New Zealand's profit result was marginally higher than pcp, with solid results delivered across all product categories. Underlying corporate costs were significantly lower than pcp, reflecting the benefits of ongoing cost reduction initiatives.
- Net cash outflow from operating activities (including the Asian operations sold to JPP in December 2018) was \$(13.7) million in the period, due to seasonal patterns in the Spicers Group's working capital balances and cash flows.
- A net cash inflow from investing activities of \$15.7 million was received on the sale of Spicers' Asian operations, while total payments of \$9.5 million were made in the period for a settlement in relation to legacy intercompany loan obligations reached with the bankruptcy trustees of PaperlinX Netherlands Holdings BV.
- The net assets of the Spicers Group as at 31 December 2018 were \$148.3 million.

## 4.8 Material changes to Spicers' financial position since 31 December 2018

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Since 31 December 2018, operating net cash balances have increased and net working capital balances (consisting of receivables, inventory and payables) have reduced. The end of the calendar year has historically represented a low point in Spicers' annual operating cash cycle due to seasonal factors affecting net working capital balances, which have historically demonstrated a tendency to reverse in the second half of Spicers' financial year through to 30 June.

Within the knowledge of the Spicers Directors and other than as disclosed in this Explanatory Booklet or announced to ASX, the financial position of Spicers has not materially changed since 31 December 2018, being the balance date of Spicers' financial report for the six months ended 31 December 2018.

## 4.9 Spicers Directors' intentions for the business

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The Corporations Act requires a statement by the Spicers Directors of their intentions regarding the Spicers business.

If the Transaction is implemented, then the existing Spicers Directors will resign and the Spicers Board will be reconstituted in accordance with the instructions of KPP with effect from the Implementation Date. Accordingly, it is not possible for the Spicers Directors to provide a statement of their intentions after the Transaction is implemented regarding:

- (a) the continuation of the business of Spicers or how Spicers' existing business will be conducted;
- (b) major changes, if any, to be made to the business of Spicers; or
- (c) any future employment of the present employees of Spicers.

If the Transaction is implemented, then KPP will own and control all of Spicers' securities. The Spicers Directors have been advised that the intentions of KPP with respect to these matters are as set out in section 5.6.

If the Transaction is not implemented, then the Spicers Directors intend to continue to operate in the ordinary course of the business of Spicers. This will include considering, as part of the future for Spicers, what capital management initiatives are appropriate having regard to its cash position and future strategy.

## 4.10 Publicly available information

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Spicers is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Spicers is subject to the ASX Listing Rules, which require (subject to some exceptions) continuous disclosure of any information Spicers has that a reasonable person would expect to have a material effect on the price or value of Spicers Shares.

ASX maintains files containing publicly disclosed information about all companies listed on ASX. Information disclosed to ASX by Spicers is available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

In addition, Spicers is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Spicers may be obtained using the ASIC Connect online search function.

Spicers Shareholders may obtain a copy of:

- (a) the 2018 Annual Report (being the last full financial statements given to ASX); and
- (b) the financial statements for the financial half-year ended 31 December 2018,

free of charge, from the ASX website ([www.asx.com.au](http://www.asx.com.au)), the Spicers website ([www.spicerslimited.com.au](http://www.spicerslimited.com.au)) or by calling the Spicers Shareholder Information Line on 1300 048 154 (within Australia) or +61 3 9415 4285 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Melbourne time).

# 5

## Information about KPP

The information contained in this section 5 has been prepared by KPP. The information concerning KPP and the KPP Group and the intentions, views and opinions contained in this section are the responsibility of KPP. Spicers and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

### 5.1 Overview of KPP

KPP is an international paper-trading company incorporated in Japan, headquartered in Tokyo and listed on the Tokyo Stock Exchange (TSE:9274). As at 15 May 2019, being the last practicable date before the date of this Explanatory Booklet, KPP has a market capitalisation of approximately ¥21.5 billion (A\$279 million, based on an exchange rate of 1.00 Australian Dollar to 77.24 Japanese Yen).

Originally founded in 1924, KPP is an international paper-trading company involved in the purchase, sale, import and export of paper and paper based materials. Utilising its global supplier network, KPP supplies paper and peripheral materials to a large number of customers all over Japan and the world. KPP has operations throughout Japan, South-East Asia, Australia, North America, and internationally.

KPP also provides recycling systems for offices and towns, and is involved in the leasing of buildings, warehouses and other facilities, including the KPP Yaesu Building in Tokyo.

### 5.2 KPP's corporate history

The history of KPP dates back to its incorporation in 1924 as Daido Yoshiten Limited. The corporate history of KPP can be summarised as follows:

1924	Daido Yoshiten Ltd is founded in Osaka. The company sets up branches in Kyoto, Nagoya and Tokyo.
1925	Daido Yoshiten Ltd sets up its first overseas branch in Shanghai, China.
1931	Daido Yoshiten Ltd becomes the first Japanese company to export paper to the United States.
1971	Daido Yoshiten Ltd sets up its first overseas subsidiary in Australia.
1973	Daido Yoshiten Ltd merges with Oji Trading Co., Ltd., and changes its name to DaiEi Papers Ltd.
1976-1997	DaiEi Papers Ltd sets up local subsidiaries in Hong Kong, the United States and Singapore.
1999	DaiEi Papers Ltd changes its name to Kokusai Pulp & Paper Co., Ltd.
2006-2013	KPP merges with Hattori Paper & Board Ltd (2006), Kashiwai Shigyo Co., Ltd (2007) and Sumisho Paper Co., Ltd. (2013).
2018	KPP is listed on the First Section of the Tokyo Stock Exchange.

### 5.3 KPP's board of directors

As at the date of this Explanatory Booklet, the KPP Board consists of 10 directors, including three independent outside directors, as follows:

Director	Current Position	Biography
<b>Madoka Tanabe</b>	Director	<ul style="list-style-type: none"> <li>• President and Chief Executive Officer.</li> <li>• Appointed as a director in 2004.</li> </ul>
<b>Tadashi Kurihara</b>	Director	<ul style="list-style-type: none"> <li>• Senior Managing Executive Officer and Head of the National Sales Headquarters.</li> <li>• Appointed as a director in 2014.</li> </ul>
<b>Ichiro Akamatsu</b>	Director	<ul style="list-style-type: none"> <li>• Senior Managing Executive Officer.</li> <li>• Head of Corporate Administration Headquarters.</li> <li>• Appointed as a director in 2011.</li> </ul>
<b>Kunitoshi Nishimura</b>	Director	<ul style="list-style-type: none"> <li>• Managing Executive Officer of KPP.</li> <li>• Deputy General Manager, Corporate Administration Headquarters.</li> <li>• Appointed as a director in 2016.</li> </ul>
<b>Makoto Ikuta</b>	Director	<ul style="list-style-type: none"> <li>• Managing Executive Officer of KPP.</li> <li>• Head of the Global Business Headquarters.</li> <li>• Appointed as a director in 2017.</li> </ul>
<b>Toshinori Kametani</b>	Director	<ul style="list-style-type: none"> <li>• Member of the Audit and Supervisory Committee.</li> <li>• Appointed as a director in 2015.</li> </ul>
<b>Yuji Nakagawa</b>	Director	<ul style="list-style-type: none"> <li>• Member of the Audit and Supervisory Committee.</li> <li>• Appointed as a director in 2017.</li> </ul>
<b>Toshiro Kobayashi</b>	Independent Outside Director	<ul style="list-style-type: none"> <li>• Member of the Audit and Supervisory Committee.</li> <li>• Appointed as a director in 2015.</li> </ul>
<b>Yoshinari Nagashima</b>	Independent Outside Director	<ul style="list-style-type: none"> <li>• Member of the Audit and Supervisory Committee.</li> <li>• Appointed as a director in 2015.</li> </ul>
<b>Shigeharu Yoshii</b>	Independent Outside Director	<ul style="list-style-type: none"> <li>• Member of the Audit and Supervisory Committee.</li> <li>• Appointed as a director in 2015.</li> </ul>



## 5.4 Structure of the KPP Group and ownership of KPP

### (a) KPP Group structure

As at 31 March 2018, KPP is the parent company of the following wholly-owned subsidiaries:

- (i) DaiEi Australasia Pty Ltd (Victoria);
- (ii) DaiEi Papers Brazil EIRELI (Brazil);
- (iii) DaiEi Papers (H.K.) Limited (Hong Kong);
- (iv) DaiEi Papers (M) Sdn. Bhd. (Malaysia);
- (v) DaiEi Papers (S) Pte Ltd (Singapore);
- (vi) DaiEi Papers (S.A.) Pte Ltd (Singapore);
- (vii) DaiEi Papers (USA) Corp. (United States of America);
- (viii) Kokusai Pulp & Paper (China) Co., Ltd. (Shanghai);
- (ix) KPP Asia-Pacific Pte. Ltd. (Singapore);
- (x) Kyushu Kami-shoji Co., Ltd. (Japan);
- (xi) Musashino Paper Recycling Co., Ltd. (Japan);
- (xii) Narumiya Kami-shoji Co., Ltd. (Japan); and
- (xiii) Okayama Kami-shoji Co., Ltd (Japan).

### (b) Significant shareholders of KPP

As at 30 September 2018, KPP has 75,077,406 shares on issue, and its top five shareholders are as follows:

Shareholder	Percentage of total shares held
Oji Holdings Corporation (TSE:3861)	17.4%
Nippon Paper Industries Co., Ltd. (TSE:3863)	9.2%
Mizuho Bank Ltd	3.9%
KPP's Employee Stock Ownership	3.7%

The above figures and percentages are exclusive of treasury shares held by KPP.

## 5.5 Rationale for proposed acquisition of Spicers

A key aspect of KPP's long-term management vision 'GIFT+1 2024' (Globalisation, Innovation, Function, Trust and +1 'environmental efforts') is to expand its business on a global scale.

KPP's proposed acquisition of Spicers marks the next step in the expansion of its overseas business operations, and is expected to advance its standing in the Australian and New Zealand market, a key market for KPP.

In addition to making a significant contribution to its global expansion efforts, KPP also expects the acquisition of Spicers to strengthen KPP's papermaking materials and total packaging businesses, and broaden its overall product portfolio.

## 5.6 KPP's post-acquisition intentions

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This section 5.6 sets out KPP's present intentions in relation to the Spicers business on the basis of facts and information concerning Spicers, its business and the general business environment in which Spicers operates which are known to KPP at the time of the preparation of this Explanatory Booklet.

Final decisions on these matters will only be reached by KPP in light of all material facts and circumstances at the relevant time, particularly as KPP's knowledge increases through exposure to the Spicers business.

Accordingly, the statements set out in this section 5.6 are statements of current intention only which may change as new information becomes available or circumstances change.

### (a) Review of operations

Whilst KPP has reviewed publicly available information relating to the Spicers Group and, through a due diligence process, certain non-public information relating to the Spicers Group, KPP does not have full knowledge of all material information, facts and circumstances that may be necessary to assess all of the operational, commercial, taxation and financial implications of its current intentions.

Accordingly, following implementation of the Scheme, KPP intends to conduct a review of the operations of the Spicers Group to gain a more comprehensive understanding of these matters.

Any final decisions as to KPP's intentions for Spicers will only be made after this review, and in light of material information and circumstances at the relevant time (other than where the disclosure below expressly states that KPP has determined to do something or refrain from doing something).

### (b) Spicers to be delisted

KPP intends for Spicers to be removed from the official list of ASX after the Implementation Date and subsequently converted into a proprietary company limited by shares.

### (c) Board of directors

If the Scheme is implemented, then KPP intends to replace the current Spicers Board with nominees of KPP (who are yet to be identified).

### (d) General operational matters and intentions generally

Subject to the matters described above in this section 5.6, and in particular the completion of the review of Spicers' operations outlined in section 5.6(a), it is the present intention of KPP that:

- (i) the business of Spicers will be conducted in substantially the same manner as at the date of this Explanatory Booklet;
- (ii) there will be no redeployment of the fixed assets of Spicers and no major changes will be made to the business of Spicers; and
- (iii) the present employees of Spicers will continue to be employed by Spicers.

## 5.7 Funding of the Scheme Consideration

### (a) Scheme Consideration to be satisfied wholly in cash

As noted in section 3.2 of this Explanatory Booklet, the aggregate Scheme Consideration consists of the aggregate Base Scheme Consideration which is a cash sum of \$90 million and, in the event that the Singapore Property Sale Proceeds are not received by the date that is two Business Days before the Implementation Date but are received during the 12 months after the Transaction is implemented, the Deferred Consideration.

The aggregate Base Scheme Consideration will be satisfied by KPP wholly in cash pursuant to the funding arrangements described in section 5.7(b) below.

If the Deferred Consideration becomes payable, it will be satisfied wholly in cash from the Singapore Property Sale Proceeds.

### (b) Details of funding arrangements

KPP has entered a legally binding commitment line agreement with Mizuho Bank, Ltd. (as **Lender**) to fund the aggregate Base Scheme Consideration (**Commitment Line Agreement**). Mizuho Bank, Ltd. (**Mizuho**) is the retail and corporate banking arm of Mizuho Financial Group, Inc. (NYSE: MFG), one of the largest financial services companies in Japan.

The Commitment Line Agreement contains standard terms and conditions for an agreement of this nature, and its key terms are summarised below.

#### (i) Commitment Amount and Commitment Term

The maximum aggregate amount available for drawdown by KPP under the Commitment Line Agreement is 7,200,000,000 Japanese Yen (the **Commitment Amount**), which is equivalent to A\$93,215,950 based on an exchange rate of 1.00 Australian Dollar to 77.24 Japanese Yen, as at 15 May 2019, being the last practicable date before the date of this Explanatory Booklet. KPP has foreign currency hedging arrangements in place with SMBC Nikko and Mizuho in respect of the aggregate Commitment Amount.

The Commitment Amount may only be used by KPP for the acquisition of the Scheme Shares, the repayment of existing debts owed by Spicers, and associated costs.

KPP is entitled to draw down the Commitment Amount under the Commitment Line Agreement at any time prior to 18 August 2019 (the **Commitment Term**), so long as the conditions precedent outlined below are satisfied and the Commitment Line Agreement remains on foot.

#### (ii) Conditions precedent to drawdown

The conditions precedent to drawdown of the Commitment Amount by KPP are as follows.

- (A) The Commitment Line Agreement has not been terminated.<sup>(7)</sup>
- (B) KPP has not breached any provision of the Commitment Line Agreement and there is no threat that any breach may occur on or after the requested drawdown date.
- (C) An 'exemption event' has not occurred (being certain force majeure events, including the occurrence of a natural disaster, war, or a terrorist attack).
- (D) The performance of the Commitment Line Agreement has not become contrary to law.
- (E) All of the requisite KPP internal procedures, necessary legal documentation, and any clearances, permissions or approvals required for KPP's acquisition of the Scheme Shares have each been completed, executed or obtained (as applicable).
- (F) The representations and warranties given by KPP to the Lender (which are standard for an agreement of this nature) are true and correct.
- (G) A drawdown request is made by KPP in accordance with the terms of the Commitment Line Agreement.

As at the date of this Explanatory Booklet, KPP is not aware of any reason why any of the conditions precedent described above will not be satisfied in time to allow payment by KPP in full of the Base Scheme Consideration as and when it is due under the terms of the Scheme.

(7) The Commitment Line Agreement terminates upon the expiry of the Commitment Term. The Commitment Line Agreement may be terminated by the Lender prior to that time in the event that KPP's debts have become due and payable due to the occurrence of one or more of the events described under the 'Acceleration of repayment' heading in section 5.7(b).

## 5.7 Funding of the Scheme Consideration continued

### (iii) Undertakings

The Commitment Line Agreement contains various standard undertakings by KPP in favour of the Lender, including but not limited to a negative pledge (subject to certain standard exceptions), various other conduct of business related covenants, and an undertaking to provide certain information to the Lender as and when available or requested, including financial reports, information regarding material disputes and related matters.

### (iv) Acceleration of repayment

The Commitment Line Agreement provides that KPP's debts under the agreement automatically become due and payable if certain events occur, including, among others, if a petition of commencement of bankruptcy or similar legal procedure is filed against KPP or transactions of KPP have been suspended by a clearing house.

The Commitment Line Agreement further provides that KPP's debts under the agreement become due and payable on notice to KPP from the Lender if, among other matters, KPP defaults in repaying any debt to the Lender in whole or in part, KPP has breached its obligations under the Commitment Line Agreement and such breach has not been remedied for 10 or more business days, or if any of the representations or warranties given by KPP have been found to be untrue.

## 5.8 Interests in Spicers Shares and benefits

### (a) Relevant Interests and voting power of KPP

As at the date of this Explanatory Booklet, KPP does not hold any Relevant Interest in any Spicers Shares nor have any voting power in Spicers.

### (b) No pre-Scheme acquisitions of Spicers Shares by KPP or its Associates

Neither KPP nor any of its Associates has provided, or agreed to provide, consideration for Spicers Shares under any purchase or agreement during the four months before the date of this Explanatory Booklet.

### (c) No pre-Transaction benefits

Except for the aggregate Scheme Consideration to be provided under the Scheme, during the period of four months before the date of this Explanatory Booklet, neither KPP nor any of its Associates has given or offered to give or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- (i) vote in favour of the Scheme; or
- (ii) dispose of Spicers Shares,

and which is not offered to all Spicers Shareholders.

### (d) No payments or benefits provided to Spicers Directors

There is no payment or other benefit that is proposed to be made or given to any director, secretary or officer of Spicers (or its Related Bodies Corporate) as compensation for the loss of or consideration for or in connection with his or her retirement from office in Spicers or any of its Related Bodies Corporate in connection with the Scheme.

None of KPP or any of its Associates has made or given or will make or give any benefit to any current KPP Director as compensation or consideration for, or otherwise in connection with, any resignation from the Spicers Board if the Scheme becomes Effective and the Spicers Board is accordingly reconstituted.

## 5.9 Publicly available information about KPP

A substantial amount of additional information about KPP is available in electronic form on its website at <http://www.kppc.co.jp/en/top.html>.

# 6

## Risks

### 6.1 Introduction

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The Spicers Board considers that it is appropriate for Spicers Shareholders, in considering the Transaction, to be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of Spicers and the value of Spicers Shares. This may, in turn, affect decisions by the Spicers Board in respect of potential distributions to Spicers Shareholders.

This section 6 outlines:

- general investment risks (refer to section 6.2); and
- specific risks associated with your current investment in Spicers Shares (refer to section 6.3).

The risk factors described in this section 6 are not an exhaustive list and should be read in conjunction with the other information contained in this Explanatory Booklet. There may be additional risks and uncertainties not currently known to Spicers which may also have a material adverse effect on Spicers' financial and operational performance and the value of Spicers Shares.

If the Transaction is implemented, then you will receive the Transaction Consideration, cease to be a Spicers Shareholder and no longer be exposed to the risks set out below (and other risks to which Spicers may be exposed). If the Transaction does not proceed, then you will continue to hold your Spicers Shares and will continue to be exposed to risks and opportunities associated with that investment.

In making your decision to vote on the Transaction Resolutions, you should read this Explanatory Booklet carefully. You should carefully consider the risk factors outlined below and your individual circumstances. This section 6 is general in nature only and does not take into account your individual objectives, financial situation, taxation position or particular needs.

**While the Spicers Board recommends a vote in favour of the Transaction Resolutions, in the absence of a Superior Proposal, Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme and the Capital Return.**

### 6.2 General investment risks

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The market price of Spicers Shares and decisions by the Spicers Board in relation to future distributions made to Spicers Shareholders are influenced by a number of factors in the countries in which Spicers currently operates, including the following:

- changes in investor sentiment in and the overall performance of Australian and international stock markets;
- trading in Spicers Shares is relatively illiquid and there is no guarantee in respect of the price at which they may trade on ASX, or in relation to distributions to Spicers Shareholders in the form of capital returns or dividends;
- general economic conditions, including changes in business and industry cycles, inflation, interest rates, exchange rates, commodity prices, employment levels, sentiment in credit markets and consumer demand;
- changes in government fiscal, monetary and regulatory policies, including legislative and regulatory regimes for corporations, taxation laws and foreign investment rules;
- government or political intervention in export and import markets (including sanction controls) and disruptions this may cause to demand and supply chain dynamics;
- natural disasters and catastrophes, whether global, regional or local in scale; and
- accounting standards which may affect the financial performance and position reported by Spicers.

## 6.3 Specific risks associated with your current investment in Spicers Shares

### (a) Structural decline in core paper markets

Paper consumption in Australia and New Zealand has been declining for several years due to structural factors such as technological advances and changing customer preferences. This has resulted in Spicers' core paper products being impacted by falling consumption and pricing. This structural decline is expected to continue.

Spicers' future performance is therefore reliant on the success of its business strategies to maintain and develop its market positions in core paper categories, including its ability to increase its revenue and gross margins received from the sale of its paper products. Furthermore, it is challenging to accurately forecast future levels of structural decline in paper consumption and adjust business strategies accordingly.

### (b) Competitive and industry landscapes

Spicers operates in wholesale and distribution markets, some of which are subject to structural decline and are 'commoditised' in nature. Spicers may therefore be exposed to risks related to the competitive and industry landscapes it operates in, including linkages with ongoing structural decline in core paper markets, such as:

- (i) competitive pressures caused by industry consolidation, new entrants and aggressive competitor actions;
- (ii) supplier and supply chain related factors, such as changes in supply partnership arrangements and the structure of supplier channels to market; and
- (iii) changes in the customer base of the business, including customer consolidation.

The above risks may impact Spicers' future operating and financial performance.

### (c) Execution of diversification strategy

Spicers has actively diversified its operations by expanding into new markets and product categories, such as sign & display. This represents a key component of Spicers' strategic plans to reduce its reliance on core paper markets and products.

There are risks that the level of growth in diversified revenue streams may not be sufficient to offset loss of revenue and earnings loss from ongoing structural decline in core paper markets. The execution of future diversification strategies, including fully understanding the nature and risks of any new markets and products diversified into, may also not be effective.

### (d) Foreign exchange risk

Spicers imports many of the products that it sells. The purchase prices of these imported products are typically denominated in foreign currency and are therefore exposed in local currency terms to fluctuations in foreign currency exchange rates.

While Spicers utilises forward foreign exchange contracts and other natural hedges to manage these foreign exchange exposures, there may be risks of ineffectiveness and foreign exchange losses from these hedging positions. Furthermore, any adverse longer-term structural movements in foreign exchange rates may impact the competitiveness in local currency terms of the products imported by Spicers.

The overall financial performance and position of Spicers denominated in Australian dollars is also subject to foreign currency translation risks on the local currency financial results and net assets of Spicers' operations outside of Australia.

### (e) Financial markets

Spicers may face risks relating to the cost and availability of funding, including movements in interest rates. There can be no assurance that sufficient debt or equity funding, if required, will be available to Spicers on favourable terms.

If adequate funds are not available on acceptable terms, Spicers may not be able to take advantage of opportunities, respond to competitive pressures or meet its debt finance obligations, including covenants.

### (f) Ability to attract and retain key personnel

The future success of Spicers' operations is in part dependent on its ability to attract and retain skilled and experienced key personnel, particularly senior executives. Any failure to recruit and retain key personnel appropriately may therefore adversely impact Spicers' future operational and financial performance.

### (g) European contingent liabilities

Spicers (then known as PaperlinX Limited) withdrew from its former operations in Europe in 2015. Several European subsidiaries in the United Kingdom, Netherlands, Belgium, Austria and Germany were placed into insolvency proceedings during this period. Some of these insolvency proceedings are ongoing and there is therefore uncertainty as to whether any future material liability may arise in respect of these matters.

Spicers has previously reached final settlement agreements with several insolvency trustees, notably the bankruptcy trustees of PaperlinX Netherlands Holdings B.V. (the holding company of PaperlinX Limited's former continental European operations) in November 2018. As at the date of this Explanatory Booklet, Spicers considers it unlikely that any material future liability will arise.

## 6.3 Specific risks associated with your current investment in Spicers Shares

continued

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### **(h) Future availability of tax losses**

Spicers' Australian operations has substantial carried forward tax losses available. The utilisation of these tax losses in future years is subject to Spicers continuing to meet tax loss recoupment rules.

### **(i) Reputational risk**

The brand and reputation of Spicers are important in retaining and increasing customer use of Spicers' products. Any reputational damage or negative perception surrounding Spicers or its products may adversely impact Spicers' business and its future growth and profitability.

### **(j) Litigation and disputes**

As with any company, Spicers may be exposed to potential legal claims, litigation and disputes in the future with respect to its operations, suppliers or customers in the ordinary course of business. There is a risk that any future material claims, disputes or litigation may adversely impact Spicers' future financial performance.

### **(k) Third party risks**

The success of Spicers' operations is in part dependent on several key third parties, such as major financiers, customers, suppliers and service providers. Any future counterparty business failures or failures to honour their obligations to Spicers may have a material adverse effect on Spicers. There can be no assurance that Spicers would be successful in attempting to enforce any of its contractual rights through legal action.

### **(l) Other operating risks**

Other risks that may arise in relation to Spicers' operations include, but are not limited to:

- (i) customer related risks, such as the loss of a major customer or credit risks from customer bankruptcies;
- (ii) supplier related risks, such as any significant adverse changes in key supplier relationships or any significant supplier product quality and warranty issues;
- (iii) supply chain related risks, such as adverse changes in import and export regulations and tariffs or significant increases in shipping and transportation costs;
- (iv) working capital management related risks, such as:
  - (A) inventory levels and obsolescence;
  - (B) customer credit terms and debtor balances; and
  - (C) supplier credit availability and creditor balances;
- (v) business continuity and interruption related risks, such as:
  - (A) impacts on Spicers' operations and locations from natural events, such as earthquakes, floods, fires or droughts;
  - (B) supply chain related shocks, such as business interruption, failure of a key supplier or significant disruption of shipping and logistics services;
  - (C) interruptions at Spicers' workplaces arising from industrial disputes, work stoppages and accidents; and
  - (D) information technology related service outages and failures;
- (vi) risks related to the availability of sufficient and affordable insurance cover in relevant areas;
- (vii) risks related to compliance with laws and regulations relevant to Spicers' operations in areas including, but not limited to:
  - (A) occupational health and safety;
  - (B) operating licences and permits;
  - (C) competition and fair trading;
  - (D) tax; and
  - (E) environmental standards; and
- (viii) information technology security and data protection related risks.

Any of the above risks could affect the operations and financial performance of Spicers in the future.



# 7

## Taxation implications

This section 7 provides a summary of the general Australian tax consequences for Spicers Shareholders in relation to the Transaction and should be considered in conjunction with the rest of this Explanatory Booklet. This section 7 is not intended to provide a complete analysis of all possible tax outcomes for Spicers Shareholders. The information contained in this section 7 is provided by EY and is only a general guide and is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of each Spicers Shareholder and should not be relied upon by Spicers Shareholders as tax advice. Spicers Shareholders are strongly advised to seek their own professional advice with respect to the tax implications of the Transaction.

### 7.1 Overview

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The following is a general summary of the Australian tax (including CGT, GST and stamp duty) implications for Spicers Shareholders who hold their Spicers Shares on capital account of participating in the Transaction.

The summary does not apply to Spicers Shareholders who:

- hold their Spicers Shares as revenue assets or trading stock or are subject to the Taxation of Financial Arrangements provisions in Division 230 of the ITAA 1997; or
- are financial institutions, insurance companies, partnerships, tax exempt organisations, dealers in securities or shareholders who change their tax residency while holding shares, each of which may be subject to specific additional tax rules.

The summary has been prepared based on Australian taxation law and administrative practice as at the date of this Explanatory Booklet. References to Australian resident Spicers Shareholders are to Spicers Shareholders who are residents of Australia for Australian income tax purposes and are not tax resident in any other jurisdiction. References to Spicers Shareholders that are non-residents of Australia are to Spicers Shareholders who are not residents of Australia for Australian income tax purposes.

This summary considers the following Australian tax implications of the Transaction:

- the Australian income tax implications of the disposal of Spicers Shares under the Scheme;
- the Capital Return;
- the Deferred Consideration; and
- Australian GST and stamp duty implications.

### 7.2 ATO Class Ruling

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Spicers has lodged a class ruling application with the ATO seeking confirmation on specific Australian income tax implications for Spicers Shareholders of the proposed distribution of the Capital Return to Spicers Shareholders.

Specifically, the class ruling application seeks the ATO's confirmation:

- that no part of the Capital Return will be treated as a dividend; and
- of the tax implications of the receipt of the Capital Return.

It is anticipated that the views in the class ruling should be consistent with the summary in this section 7, although it is possible that the ATO's views may differ. The class ruling has not been issued by the ATO at the date of this Explanatory Booklet and will only be issued after the Implementation Date. When published, the final class ruling will be available on the ATO website ([www.ato.gov.au](http://www.ato.gov.au)).



## 7.3 Australian income tax implications of the Transaction for Australian residents

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### (a) Capital Return to Australian residents

#### (i) Australian CGT

The distribution of the Capital Return to Spicers Shareholders should constitute a CGT event for Australian income tax purposes. The CGT event should occur for Spicers Shareholders on the date that Spicers distributes the Capital Return to Spicers Shareholders.

Spicers Shareholders who hold their Spicers Shares on both the Record Date and on the day the Capital Return Consideration is distributed should:

- have the cost base of each of their Spicers Shares reduced by the proceeds of the Capital Return per share where the proceeds of the Capital Return per share are less than the cost base of each of their Spicers Shares;
- make a capital gain if the Capital Return Consideration received per share is greater than the cost base of each of their Spicers Shares, with the capital gain equal to the excess. The cost base of the Spicers Shares should also be reduced to nil; or
- Spicers Shareholders who hold their Spicers Shares on the Record Date but who dispose of their Spicers Shares before the Capital Return is distributed should realise a taxable capital gain equal to the amount of the Capital Return Consideration received.

Spicers Shareholders who make a capital gain as a result of the receipt of the Capital Return will be required to include the net capital gain (if any) for the income year in their assessable income.

#### (ii) Capital proceeds

The capital proceeds for the CGT event arising from the receipt of the Capital Return should be the amount of the Capital Return Consideration.

#### (iii) Cost base

The cost base and the reduced cost base of Spicers Shares should generally include the amount paid to acquire the Spicers Shares and the market value of any property given to acquire the Spicers Shares, plus any incidental costs of acquisition (for example, brokerage fee and stamp duty). The cost base of each Spicers Share should depend on the individual circumstances of each Spicers Shareholder.

Spicers Shares acquired in different transactions may have different cost bases and therefore capital gains may arise in respect of some Spicers Shares while capital losses may arise in respect of other Spicers Shares.

#### (iv) CGT discount

Generally, Australian resident Spicers Shareholders who are individuals, trusts, and complying superannuation funds that have held Spicers Shares for at least 12 months at the time of their receipt of the Capital Return should be entitled to the CGT discount in calculating the amount of capital gain on receipt of the Capital Return Consideration (if any).

The CGT discount is applied after available capital losses have been offset to reduce the capital gain.

The applicable CGT discount which should reduce a capital gain arising from the receipt of the Capital Return Consideration is as follows:

- 50% for individuals and trusts; and
- 33⅓% for a complying superannuation entity.

As the rules relating to discount capital gains for trusts are complex, Spicers recommends that Spicers Shareholders who are trustees seek their own independent tax advice on how the CGT discount provisions will apply to them and the trust's beneficiaries.

The CGT discount is not available for Spicers Shareholders who are companies.

#### (v) Application of capital distribution integrity measures

The ATO has integrity measures available which may be applied to re-characterise certain distributions which may otherwise be capital in nature as dividends.

The ATO Class Ruling request lodged by Spicers seeks the ATO's confirmation that none of those integrity measures will be applied in relation to the Capital Return.

## 7.3 Australian income tax implications of the Transaction for Australian residents continued

### (b) Disposal of Spicers Shares by Australian residents

#### (i) Australian capital gains tax

The disposal of Spicers Shares by an Australian resident Spicers Shareholder will constitute a CGT event for Australian income tax purposes. The CGT event should occur for Spicers Shareholders on the Implementation Date.

Spicers Shareholders should:

- make a capital gain if the proceeds from the disposal of their Spicers Shares are greater than the cost base of their Spicers Shares disposed of; or
- make a capital loss if the capital proceeds from the disposal of their Spicers Shares are less than the reduced cost base of their Spicers Shares disposed of.

Spicers Shareholders who make a capital gain on disposal of their Spicers Shares will be required to include the net capital gain (if any) for the income year in their assessable income.

Spicers Shareholders who make a capital loss on the disposal of their Spicers Shares can only offset the capital losses against capital gains realised in the same, or subsequent, income years. Specific loss recoupment rules apply to companies and may restrict their ability to utilise any such capital losses in a future period. Spicers Shareholders should seek independent tax advice in relation to the future utilisation of capital losses.

#### (ii) Capital proceeds

The capital proceeds for the CGT event arising from the disposal of Spicers Shares under the Scheme should include the Scheme Consideration. The value of the capital proceeds should consist of the Base Scheme Consideration and the market value of the Deferred Consideration (if any) as determined at the Implementation Date. If necessary, the market value of the Deferred Consideration will be advised by Spicers and may be greater or less than the Deferred Consideration subsequently paid.

The Capital Return Consideration should not constitute capital proceeds from the disposal of Spicers Shares as it is capital proceeds on the Capital Return as set out in section 7.3(a) above.

Consequently, the capital proceeds should be equal to the value of the Base Scheme Consideration, currently expected to be \$0.043 per Scheme Share, plus the market value of the Deferred Consideration, which may be paid on a deferred basis following the sale of the Singapore property owned by the Spicers Group in accordance with the Scheme Implementation Deed.

#### (iii) Cost base

The cost base and reduced cost base of Spicers Shares should generally include the amount paid to acquire the Spicers Shares and the market value of any property given to acquire the Spicers Shares, plus any incidental costs of acquisition (for example, brokerage fees and stamp duty). The cost base of each Spicers Share should depend on the individual circumstances of each Spicers Shareholder. As indicated in section 7.3(a) above, the cost base should be reduced by the Capital Return.

#### (iv) CGT discount

Generally, Australian resident Spicers Shareholders who are individuals, trusts or complying superannuation funds that have held their Spicers Shares for at least 12 months at the time of their disposal should be entitled to the CGT discount in calculating the amount of capital gain on disposal of their Spicers Shares.

The CGT discount is applied after available capital losses have been offset to reduce the capital gain.

The applicable CGT discount which should reduce a capital gain arising from the disposal of Spicers Shares is as follows:

- 50% for individuals and trusts; and
- 33⅓% for a complying superannuation entity.

As the rules relating to discount capital gains for trusts are complex, Spicers recommends that Spicers Shareholders who are trustees seek their own independent advice on how the CGT discount provisions will apply to them and the trust's beneficiaries.

The CGT discount is not available for Spicers Shareholders which are companies.

## 7.3 Australian income tax implications of the Transaction for Australian residents continued

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### (c) Receipt of Deferred Consideration (if any) by Australian residents

#### (i) Australian capital gains tax

A CGT event happens on the receipt of Deferred Consideration and the resultant disposal of the relevant CGT asset, being the right to the Deferred Consideration (**Deferred Consideration Right**).

Spicers Shareholders should:

- make a capital gain if the proceeds from the disposal of their Deferred Consideration Right are greater than the cost base of their Deferred Consideration Right disposed of; or
- make a capital loss if the capital proceeds from the disposal of their Deferred Consideration Right are less than the reduced cost base of their Deferred Consideration Right disposed of.

Spicers Shareholders who make a capital gain will be required to include the net capital gain (if any) for the income year in their assessable income.

Spicers Shareholders who make a capital loss on the disposal of their Deferred Consideration Right may only offset the capital losses against capital gains realised in the same, or subsequent, income years. Specific loss recoupment rules apply to companies and may restrict their ability to utilise any such capital losses in a future period. Spicers Shareholders should seek independent tax advice in relation to the future utilisation of capital losses.

#### (ii) Cost base

The cost base and reduced cost base of the Deferred Consideration Right should be the market value of the Deferred Consideration Right as set out in section 7.3(b) above.

By way of illustration, if the market value of the Deferred Consideration Right at the Implementation Date were \$0.001 per share and the Deferred Consideration amount received were \$0.0012 per share, then a capital gain of \$0.0002 per share would arise. Conversely, if the Deferred Consideration amount received were \$0.0009 per share, then a capital loss of \$0.0001 per share would arise.

#### (iii) CGT discount

The CGT discount should not be available to Spicers Shareholders who make a capital gain as the Deferred Consideration will be settled or will cease to exist before it has been held for greater than 12 months, which is a requirement for eligibility for the CGT discount.

## 7.4 Australian income tax implications of the Transaction for non-Australian residents

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### (a) Receipt of Capital Return by non-Australian residents

#### (i) Australian capital gains tax

Spicers Shareholders who are non-Australian residents who derive a capital gain on receipt of the Capital Return Consideration should be subject to the Australian CGT rules to the extent that their Spicers Shares are characterised as 'taxable Australian property'.

Spicers Shares are not considered to be 'taxable Australian property', as Spicers does not own any real property situated in Australia as of the Implementation Date.

For non-Australian resident Spicers Shareholders who have at any time held their Spicers Shares in carrying on a business through a permanent establishment in Australia, any capital gain may be taxable in Australia. As the Spicers Shares are not considered to be 'taxable Australian property', the Capital Return should only have Australian CGT implications if they have this permanent establishment nexus. A Spicers Shareholder who has operated a permanent establishment in Australia should seek independent tax advice in relation to this matter.

Spicers Shareholders who are non-Australian residents should also seek their own independent tax advice as to the tax implications in their country of residence.

## 7.4 Australian income tax implications of the Transaction for non-Australian residents continued

### (b) Disposal of Spicers Shares by non-Australian residents

Spicers Shareholders who are non-Australian residents that derive a capital gain on disposal of their Spicer Shares under the Scheme should be subject to the Australian CGT rules to the extent that the Spicer Shares are characterised as 'taxable Australian property'.

Spicer Shares are not considered to be 'taxable Australian property', as Spicer does not own any real property situated in Australia as of the Implementation Date.

For non-Australian resident Spicer Shareholders who have at any time held their Spicer Shares in carrying on a business through a permanent establishment in Australia, any capital gain may be taxable in Australia. As the Spicer Shares are not considered to be 'taxable Australian property', the Capital Return should only have Australian CGT implications if they have this permanent establishment nexus. A Spicer Shareholder who has operated a permanent establishment in Australia should seek independent tax advice in relation to this matter.

Spicer Shareholders who are non-Australian residents should also seek their own independent tax advice as to the tax implications in their country of residence.

### (c) Receipt of Deferred Consideration by non-Australian residents

#### (i) Australian capital gains tax

A CGT event happens on the receipt of Deferred Consideration and the resultant disposal of the relevant CGT asset being the Deferred Consideration Right.

Spicer Shareholders should:

- make a capital gain if the proceeds from the disposal of their Deferred Consideration Right are greater than the cost base of their Deferred Consideration Right disposed of; or
- make a capital loss if the capital proceeds from the disposal of their Deferred Consideration Right are less than the reduced cost base of their Deferred Consideration Right disposed of.

Refer to section 7.3(c) above in regards to the determination of any capital gain or loss. A capital gain may only be taxable in Australia if the Deferred Consideration Right held by the non-Australian resident Spicer Shareholder is held in carrying on a business through a permanent establishment in Australia. A Spicer Shareholder who has operated a permanent establishment in Australia should seek independent tax advice in relation to this matter.

#### (d) Foreign resident capital gains withholding tax

Foreign resident capital gains withholding at a rate of 12.5% of the Base Scheme Consideration applies to a transaction involving the acquisition of the ownership of an asset that is an indirect Australian real property interest from a 'relevant foreign resident'. Where applicable, the withholding tax obligation would be with KPP as purchaser.

The majority of Spicer's assets by market value should not consist of real property situated in Australia and the Spicer shares should accordingly not constitute an indirect Australian real property interest. KPP and Spicer have engaged with the ATO in respect of the withholding obligations and the ATO has provided guidance that KPP should not have to withhold any amount under the foreign resident capital gains tax withholding tax provisions.

## 7.5 GST

The payment of the Capital Return Consideration to a Spicer Shareholder should not give rise to any liability of the Shareholder to account for GST.

The sale of Spicer Shares by the Spicer Shareholders should not give rise to a liability to account for GST. Where the Spicer Shareholder is not registered, or required to be registered for GST, the sale should be out of scope for GST purposes. Otherwise, the sale of the securities should be a financial supply for GST purposes, and therefore not subject to GST. The receipt of Deferred Consideration payments should have the same outcome. Where relevant, Spicer Shareholders should obtain independent advice in relation to whether there is an ability to claim any input tax credits for the GST included in costs (such as legal or professional fees) associated with the disposal of the Shares or the Deferred Consideration.

## 7.6 Stamp duty

There should not be stamp duty payable by Spicer Shareholders in respect of the Capital Return, on the disposal of their Spicer Shares as part of the Scheme, or on receipt of any Deferred Consideration.

# 8

## Additional information

### 8.1 Interests of Spicers Directors in Spicers

The table below lists the Relevant Interests of Spicers Directors in Spicers Shares as at the date of this Explanatory Booklet:

Spicers Director	Position	Relevant Interest in Spicers Shares
Jonathan Trollip	Chairman and Non-executive Director	–
Andy Preece	Non-executive Director	2,573,377
Gaby Berger <sup>(8)</sup>	Non-executive Director	73,388,075
Nigel Burgess <sup>(9)</sup>	Non-executive Director	160,311,344
Todd Plutsky and Vlad Artamonov <sup>(10)</sup>	Non-executive Director	301,834,437

Spicers Directors who hold Spicers Shares will be entitled to vote at the Scheme Meeting and the Special General Meeting and receive the Transaction Consideration along with the other Scheme Shareholders.

Each Spicers Director intends to vote, or cause to be voted, all Spicers Shares held or controlled by them in favour of the Transaction Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Spicers Shareholders.

The table below lists the Relevant Interests of Spicers Directors in Spicers Performance Rights as at the date of this Explanatory Booklet:

Spicers Director	Position	Relevant Interest in Spicers Performance Rights
Jonathan Trollip	Chairman and Non-executive Director	11,200,000
Andy Preece	Non-executive Director	12,000,000
Gaby Berger	Non-executive Director	–
Nigel Burgess	Non-executive Director	–
Todd Plutsky	Non-executive Director	–
Vlad Artamonov	Non-executive Director	–

Please refer to section 8.11 for details regarding the treatment of Spicers Performance Rights if the Scheme becomes Effective.

(8) 71,855,075 shares held by Berger Equities Pty Ltd, not directly by Gaby Berger.

(9) 160,284,179 shares held by the Samuel Terry Absolute Return Fund, not directly by Nigel Burgess.

(10) Shares held by Coastal Investment Management L.P. not directly by the individual Spicers Directors.

## 8.2 Interests of Spicers Directors in KPP

No marketable securities of KPP are held by, or on behalf of, any Spicers Director as at the date of this Explanatory Booklet.

## 8.3 Interests of Spicers Directors in contracts of KPP

No Spicers Director has an interest in any contract entered into by KPP.

## 8.4 Other interests of Spicers Directors

Other than as noted above and as set out in section 8.11 below, no Spicers Director has any other interest, whether as a director, member or creditor of KPP or otherwise, which is material to the Transaction, other than in their capacity as a holder of Spicers Shares or Spicers Performance Rights.

## 8.5 Agreements or arrangements with Spicers Directors

As noted in section 8.1 above, Jonathan Trollip and Andy Preece each hold Spicers Performance Rights that will be subject to the regime described in section 8.11.

The Spicers Board has approved the payment of additional cash remuneration to the Spicers Directors, conditional on the Scheme becoming Effective, as described below. These amounts are to be paid in recognition of the Spicers Directors' additional efforts in connection with delivering the Transaction, and having regard to the relevant Spicers Directors' remuneration of \$30,000 per annum since their appointment being substantially below market rates for non-executive directors of comparable ASX companies. If the Scheme is not approved by Spicers Shareholders and the Court, then these additional payments will not be made.

These amounts are in addition to the cash component of the remuneration for each Spicers Director for the financial year ending 30 June 2019.<sup>(11)</sup> The payments are permitted under the terms of the Constitution of Spicers and are within the approved maximum limit for remuneration of non-executive Spicers Directors.<sup>(12)</sup>

Spicers Director	Position	Additional cash remuneration
Gaby Berger	Non-executive Director	\$170,000
Nigel Burgess	Non-executive Director	\$170,000
Todd Plutsky	Non-executive Director	\$170,000
Vlad Artamonov	Non-executive Director	\$170,000

Other than this, there is no agreement or arrangement made between any Spicers Director and any other person, including a KPP Group Member, in connection with or conditional upon the outcome of the Transaction.

## 8.6 Payments and other benefits to directors, secretaries or executive officers of Spicers

Except as set out in section 8.5 above, no payment or other benefit is proposed to be made or given to a director, secretary or executive officer of Spicers or any member of the Spicers Group as compensation for loss of, or as consideration for or in connection with their retirement from, office in Spicers or any member of the Spicers Group as a result of the Transaction.

(11) As described in the notice for the 2018 Annual General Meeting announced to ASX on 16 October 2018.

(12) That limit being \$1,260,000 per year as approved by Spicers Shareholders at the 2007 Annual General Meeting.

## 8.7 Suspension of trading of Spicers Shares

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If the Court approves the Scheme, then Spicers will notify ASX. It is expected that suspension of trading on ASX in Spicers Shares will occur from close of trading on the Effective Date. This is expected to be 3 July 2019.

## 8.8 Deed Poll

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KPP has executed the Deed Poll pursuant to which it has undertaken in favour of each Scheme Shareholder to procure that each Scheme Shareholder is provided the Base Scheme Consideration to which they are entitled under the Scheme, in accordance with the terms of the Scheme and subject to the Scheme becoming Effective.

A copy of the Deed Poll is contained in Annexure C.

## 8.9 Warranties by Scheme Shareholders

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The Scheme provides that each Scheme Shareholder is taken to have warranted to KPP that:

- all of their Scheme Shares will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, and that they have full power and capacity to sell and transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to KPP; and
- they have no existing right to be issued any Spicers Shares or other Spicers securities.

## 8.10 Summary of Scheme Implementation Deed

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On 17 January 2019, Spicers and KPP entered into a binding Scheme Implementation Deed under which Spicers agreed to propose the Scheme and the Capital Return. The Scheme Implementation Deed contains terms and conditions that are standard for these types of agreements, including in relation to the parties' obligations to implement the Transaction and Spicers' obligation to conduct its business in the ordinary course during the Transaction process.

A summary of the key elements of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was lodged with ASX on 17 January 2019 and can be obtained from Spicers' website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

### (a) Conditions

Implementation of the Transaction is subject to the following conditions which must be satisfied or waived (where capable of waiver) before the Transaction can be implemented:

- **Independent Expert's report:** The Independent Expert issues an Independent Expert's Report which states that in the Independent Expert's opinion, the Scheme is in the best interests of Spicers Shareholders, and the Independent Expert does not change that opinion or withdraw the Independent Expert's Report prior to 8.00am on the Second Court Date.
- **Shareholder approval:** Spicers Shareholders approve the Scheme and the Capital Return.
- **Transaction Consideration:** As at 8.00am on the Second Court Date, the aggregate of the Base Scheme Consideration, the amount of Deferred Consideration which the Spicers Board believes will be received during the 12 months after implementation of the Transaction and the Capital Return Consideration is equal to or greater than \$0.066 per Scheme Share.
- **Court approval:** The Court approves the Scheme.
- **No restraints:** No judgment, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Governmental Agency of competent jurisdiction, remains in effect as at 8.00am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Transaction or any Transaction Document.
- **No Spicers Prescribed Occurrence:** No Spicers Prescribed Occurrence occurs or becomes known to KPP between (and including) 17 January 2019 and 8.00am on the Second Court Date.
- **No Spicers Material Adverse Change:** No Spicers Material Adverse Change occurs or is discovered, announced or disclosed or otherwise becomes known to KPP, between (and including) 17 January 2019 and 8.00am on the Second Court Date.

For full details of the conditions precedent, see clause 3.1 of the Scheme Implementation Deed.



## 8.10 Summary of Scheme Implementation Deed continued

### (b) Exclusivity

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of KPP. These arrangements are in line with market practice and may be summarised as follows:

- **No shop:** Spicers must not, and must ensure that none of its representatives, directly or indirectly, solicit, invite, encourage, initiate or participate in any Competing Proposal or any proposal or discussions with any person in relation to (or which may lead to the making of) an actual, proposed or potential Competing Proposal.
- **No talk:** Spicers must not, and must ensure that none of its representatives, participate in or continue any negotiations or discussions for any Competing Proposal or any proposal or discussions with any person in relation to (or which may lead to the making of) an actual, proposed or potential Competing Proposal.
- **No due diligence:** Spicers must not, and must ensure that none of its representatives, disclose to any third party any non-public information relating to Spicers or any Spicers Group Member in connection with, or which could reasonably be expected to lead to, an actual, proposed or potential Competing Proposal, including providing such information for the purposes of the conduct of due diligence investigations in respect of Spicers or any Spicers Group Member.
- **Notification:** During the Exclusivity Period, Spicers must as soon as possible notify KPP if it or any of its representatives is or becomes aware of any proposal made to Spicers or any of its representatives, or of any negotiations or discussions, for any exploration or completion of an actual, proposed or potential Competing Proposal.
- **Matching right:** Spicers must:
  - not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) in respect of an actual, proposed or potential Competing Proposal; and
  - procure that none of the Spicers Directors recommends a Competing Proposal or withdraws or changes their recommendation or voting intention on the Scheme or makes any public statement to the effect that they may do so at a future point,

unless the Competing Proposal is a Superior Proposal and Spicers has given KPP at least five Business Days to make a proposal that matches or is superior to the Competing Proposal.

The 'no talk' and 'no due diligence' provisions in the Scheme Implementation Deed do not prevent Spicers from responding to a Competing Proposal (which was not solicited, invited, encouraged or initiated in breach of the 'no shop' provision summarised above) or facilitating the conduct of due diligence by a third party if the Spicers Board determines (after receiving written advice from its legal advisers) that failing to respond to such a Competing Proposal would be likely to constitute a breach of the Spicers Directors' fiduciary or statutory duties.

These exclusivity arrangements are set out in full in clause 12 of the Scheme Implementation Deed.

### (c) Break Fee

Spicers has agreed to pay KPP a break fee of \$1.1 million (**Break Fee**) if:

- **Change in recommendation:** any Spicers Director fails to publicly state that they consider the Scheme to be in the best interests of Spicers Shareholders, publicly changes, withdraws or adversely revises or qualifies their recommendation that Spicers Shareholders vote in favour of the Scheme and the Capital Return Resolutions, other than where the Independent Expert concludes that the Scheme is not in the best interests of Spicers Shareholders (except where that conclusion is a result of a Superior Proposal);
- **Competing Proposal:** a Competing Proposal is announced by a third party prior to the End Date and, within 12 months after that occurring, the third party or their Associate:
  - completes a transaction of a kind referred to in paragraphs (b), (c) or (d) of the definition of Competing Proposal (see section 9.1);
  - enters into an agreement, arrangement or understanding with Spicers or another Spicers Group Member of the kind referred to in paragraph (e) of the definition of Competing Proposal (see section 9.1); or
  - acquires (either alone or in aggregate) a Relevant Interest in, or an unconditional right to acquire, more than 50% of Spicers Shares or acquires (either alone or in aggregate) Control of Spicers; or
- **Material breach:** KPP terminates the Scheme Implementation Deed due to a material breach by Spicers (and Spicers fails to remedy such breach within the required period).

The Break Fee is not payable if the Scheme nevertheless becomes Effective.

For full details of the Break Fee, see clause 13 of the Scheme Implementation Deed.



## 8.10 Summary of Scheme Implementation Deed continued

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### (d) Termination

Either Spicers or KPP may terminate the Scheme Implementation Deed if:

- **(failure of Condition Precedent)** in relation to a Condition Precedent:
  - a notice has been served on the other party due to a breach or non-fulfilment of a Condition Precedent or a Condition Precedent becomes incapable of satisfaction, and in either case the breach or non-fulfilment has not been waived;
  - after consultation with the other party, the parties are unable to reach an agreement to proceed with the Scheme or Transaction by alternative means such as extending the time for satisfaction of the Condition Precedent, changing the date of the application to be made to the Court for orders to approve the Scheme, or extending the End Date; and
  - within 5 Business Days after the delivery of the notice or any shorter period ending at 5.00pm on the day before the Second Court Date, a further notice is given in writing advising the other party of the termination, provided that the Condition Precedent to which the notice relates is for the benefit of that party and there has been no failure by that party to comply with its obligations under the Scheme Implementation Deed where that failure directly and materially contributed to the Condition Precedent being incapable of being fulfilled, not fulfilled or breached before the End Date; or
- **(material breach)** at any time before 8.00am on the Second Court Date, the other party has materially breached a provision (other than a breach of a KPP Representation and Warranty or a Spicers Scheme Representation and Warranty), provided that (except where KPP is the terminating party in the case of a material breach by Spicers of the Spicers Board recommendation and intentions, and exclusivity provisions):
  - the terminating party gives the other party a notice setting out the relevant circumstances and stating an intention to terminate the Scheme Implementation Deed; and
  - the relevant breach continues for 5 Business Days (or until 5.00pm on the last Business Day before the Second Court Date).

KPP may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- **(breach of Spicers Scheme Representation and Warranty)** in respect of a breach of a Spicers Scheme Representation and Warranty:
  - KPP gives notice setting out the relevant circumstances and stating an intention to terminate the Scheme Implementation Deed;
  - the relevant breach continues for 5 Business Days (or until 5.00pm on the last Business Day before the Second Court Date); and
  - the relevant breach is material in the context of the Scheme taken as a whole (which includes any breach of the Spicers Representations and Warranties contained in Warranties 1.10 or 1.11 of Schedule 6 of the Scheme Implementation Deed);
- **(change of recommendation)** any Spicers Director publicly changes or withdraws their recommendation that the Scheme is in the best interests of Spicers Shareholders or that Spicers Shareholders vote in favour of the Scheme at the Scheme Meeting, or has publicly recommended, promoted or endorsed a Competing Proposal; or
- **(Competing Proposal)** a Competing Proposal is announced and a condition described in clause 13.2(a)(ii) of the Scheme Implementation Deed is satisfied.

Spicers may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- **(breach of KPP Representation and Warranty)** in respect of a breach of a KPP Representation and Warranty:
  - Spicers gives notice setting out the relevant circumstances and stating an intention to terminate the Scheme Implementation Deed;
  - the relevant breach continues for 5 Business Days (or until 5.00pm on the last Business Day before the Second Court Date); and
  - the relevant breach is material in the context of the Scheme taken as a whole; or
- **(change of recommendation)** the Spicers Board publicly changes or withdraws its recommendation that the Scheme is in the best interests of Spicers Shareholders or that Spicers Shareholders vote in favour of the Scheme (in either case in accordance with clause 8.1(b)), or publicly recommends, promotes or endorses a Competing Proposal.

## 8.11 Spicers Options and Spicers Performance Rights

### (a) Spicers options and Spicers Performance Rights on issue

As set out in the 2018 Annual Report, performance rights are granted to Spicers Directors and senior executives under the Spicers Performance Rights Plan. As at the date of this Explanatory Booklet, there are 50,200,000 Spicers Performance Rights on issue to the following Spicers Directors and senior executives:

Holder	Current Position	Number of Spicers Performance Rights
Jonathan Trollip	Chairman and Non-executive Director	11,200,000
Andy Preece	Non-executive Director	12,000,000
David Martin	Chief Executive Officer	20,000,000
Damien Power	Chief Financial Officer	7,000,000
<b>Total</b>		<b>50,200,000</b>

Each Spicers Performance Right confers on its holder the entitlement to receive one Spicers Share (by way of issue or transfer) under the Spicers Performance Rights Plan. No amount is payable by the holder of the Spicers Performance Right upon exercise. Spicers Performance Rights may be exercised at any time from the vesting date to the expiry date.

No Spicers Options are on issue as at the date of this Explanatory Booklet.

### (b) Intended treatment of Spicers Performance Rights in connection with the Scheme

Under the terms of the Scheme Implementation Deed, Spicers must cause all outstanding Spicers Performance Rights to vest and be exercised so that they convert into Spicers Shares and are therefore entitled to participate in the Transaction.

The Spicers Performance Rights will vest in accordance with their terms upon satisfaction of the following conditions:

- (i) a change of control occurs or the Spicers Board determines in its absolute discretion that a change of control event is likely to occur; and
- (ii) the change of control event will or, in the Spicers Board's view, is likely to result in Spicers Shareholders receiving consideration equal to or greater than the relevant VWAP hurdle for each Spicers Share which is transferred or sold in relation to the change of control event.

The Spicers Board proposes to consider the vesting of the Spicers Performance Rights prior to the Transaction Meetings. Updates will be provided on the Spicers website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

As at the date of this Explanatory Booklet, it is currently expected that all Spicers Performance Rights will vest on the Effective Date and the holders of the Spicers Performance Rights will be issued a total of 50,200,000 Spicers Shares (representing 2.44% of total Spicers Shares on issue)<sup>(13)</sup> prior to the Record Date. If this occurs, those Spicers Shares will be acquired by KPP under the Scheme on the Implementation Date and the holders of the Spicers Shares issued in connection with those Spicers Performance Rights will be entitled to receive the Transaction Consideration.

## 8.12 ASIC relief

Pursuant to rule 5.1.01(1)(b) and clause 8302(h) of Schedule 8 of the Corporations Regulations, the explanatory statement required for a Scheme must set out whether, within the knowledge of the Spicers Directors, the financial position of Spicers has materially changed since the date of the last balance sheet laid before the company in general meeting or sent to Shareholders in accordance with sections 314 or 317 of the Corporations Act, as well as the full particulars of the changes.

ASIC has granted Spicers relief from this requirement so that this Explanatory Booklet only need set out, within the knowledge of the Spicers Directors, that the financial position of Spicers has not materially changed since 31 December 2018 (being the last date of the period to which the financial statements for the half-year ended 31 December 2018 relate).

(13) Calculated based on 2,056,942,649 ordinary shares outstanding immediately prior to the exercise of the Spicers Performance Rights.

### 8.13 No unacceptable circumstances

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The Spicers Directors believe that the Transaction does not involve any circumstances in relation to the affairs of Spicers that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

### 8.14 Consents and disclosures

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- (a) The following parties have given, and have not withdrawn before the date of this Explanatory Booklet, their consent to be named in this Explanatory Booklet in the form and context in which they are named:
  - (i) Moelis Australia as financial adviser to Spicers;
  - (ii) Computershare as the manager of the Spicers Register;
  - (iii) EY as tax adviser to Spicers in relation to the Transaction; and
  - (iv) Allens as legal adviser to Spicers in relation to the Transaction.
- (b) The Independent Expert has given, and has not withdrawn, its consent to be named in this Explanatory Booklet and to the inclusion of the Independent Expert's Report in Annexure A to this Explanatory Booklet and to the references to the Independent Expert's Report in this Explanatory Booklet being made in the form and context in which each such reference is included.
- (c) KPP has given, and has not withdrawn, its consent to be named in this Explanatory Booklet and in relation to the inclusion of the KPP Information in this Explanatory Booklet in the form and context in which that information is included.
- (d) Each person named in this section 8.14:
  - (i) has not authorised or caused the issue of this Explanatory Booklet;
  - (ii) does not make, or purport to make, any statement in this Explanatory Booklet or any statement on which a statement in this Explanatory Booklet is based, other than as specified in this section 8.14; and
  - (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Explanatory Booklet, other than a reference to its name and the statement (if any) included in this Explanatory Booklet with the consent of that party as specified in this section 8.14.

### 8.15 No other information material to the making of a decision in relation to the Transaction

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Otherwise than as contained or referred to in this Explanatory Booklet, including the Independent Expert's Report and the information that is contained in the Annexures to this Explanatory Booklet, there is no other information as at the date of this Explanatory Booklet that is material to the making of a decision by a Spicers Shareholder whether or not to vote in favour of the Scheme Resolution to approve the Scheme or the Capital Return Resolution to approve the Capital Return, being information that is known to any Spicers Director and which has not previously been disclosed to Spicers Shareholders.

## 8.16 Supplementary information

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If Spicers becomes aware of any of the following between the date of lodgement of this Explanatory Booklet for registration with ASIC and the Second Court Date:

- a material statement in this Explanatory Booklet is false or misleading;
- a material omission from this Explanatory Booklet;
- a significant change affecting a matter in this Explanatory Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Explanatory Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Spicers may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Spicers Shareholders at their registered address as shown in the Spicers Register; or
- posting a statement on Spicers' website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au),

as Spicers in its absolute discretion considers appropriate.

# 9

## Glossary and interpretation

### 9.1 Glossary

The meanings of the terms used in this Explanatory Booklet are set out below:

Term	Meaning
<b>2018 Annual General Meeting</b>	The annual general meeting for Spicers for 2018 held on 15 November 2018.
<b>2018 Annual Report</b>	The annual report for Spicers for the year ended 30 June 2018.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	Has the meaning given in section 12(2) of the Corporations Act.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as 'ASX' operated by ASX Limited.
<b>ASX Listing Rules</b>	The official listing rules of ASX.
<b>ATO</b>	Australian Taxation Office.
<b>ATO Class Ruling</b>	The class ruling from the Commissioner of Taxation described in clause 5.2 of the Scheme Implementation Deed. A full copy of the Scheme Implementation Deed can be obtained from Spicers' website at <a href="http://www.spicerslimited.com.au">www.spicerslimited.com.au</a> .
<b>Base Scheme Consideration</b>	An amount that is currently expected to be \$0.043 per Scheme Share. The Base Scheme Consideration will be \$90 million divided by the total number of Scheme Shares.
<b>Business Day</b>	Any day that is each of the following: <ul style="list-style-type: none"> <li>• a Business Day within the meaning given in the ASX Listing Rules; and</li> <li>• a day that banks are open for business in each of Sydney, Australia and Tokyo, Japan.</li> </ul>
<b>Capital Return</b>	An equal reduction of the share capital of Spicers by an amount equal to the aggregate of the Capital Return Consideration.
<b>Capital Return Consideration</b>	An amount to be paid to Spicers Shareholders by way of capital return as part of the Transaction, to be determined as set out in section 3.2(b). The final amount will be announced by Spicers before the Implementation Date (currently expected to be 16 July 2019), but is currently estimated to be approximately \$0.027 per Scheme Share.
<b>Capital Return Resolution</b>	A resolution of Spicers Shareholders to approve the Capital Return, the form of which is set out in the Notice of Special General Meeting in Annexure E.
<b>CGT</b>	Capital gains tax.
<b>Commitment Line Agreement</b>	The commitment line agreement between KPP and Mizuho Bank, Ltd. dated 25 January 2019.

## 9.1 Glossary continued

Term	Meaning
<b>Competing Proposal</b>	<p>Any proposal, offer, transaction, arrangement or agreement (other than with KPP or its Related Bodies Corporate, including any transaction that may be made or implemented in accordance with the Scheme Implementation Deed) by or with any person pursuant to which, if the proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms, a third party (either alone or together with any Associate) will:</p> <ul style="list-style-type: none"> <li>(a) directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Spicers Shares or the shares of any other Spicers Group Member;</li> <li>(b) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of the assets or business of any Spicers Group Member;</li> <li>(c) acquire control (within the meaning of section 50AA of the Corporations Act) of Spicers or any other Spicers Group Member;</li> <li>(d) otherwise directly or indirectly acquire or merge (including by a reverse takeover bid or dual-listed company structure) with Spicers or any other Spicers Group Member; or</li> <li>(e) require Spicers to abandon, or otherwise fail to proceed with, the Transaction,</li> </ul> <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other proposal, offer, transaction or arrangement.</p> <p>For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
<b>Control</b>	Has the meaning given under section 50AA of the Corporations Act.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth), as amended by any applicable ASIC relief.
<b>Corporations Regulations</b>	Corporations Regulations 2001 (Cth), as amended by any applicable ASIC relief.
<b>Court</b>	The Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act as KPP and Spicers may agree in writing.
<b>Deed Poll</b>	The Deed Poll dated 25 April 2019 executed by KPP relating to the Scheme, a copy of which is contained in Annexure C.
<b>Deferred Consideration</b>	The Singapore Property Sale Proceeds if these are not received by Spicers by the date that is two Business Days before the Implementation Date, but are received within 12 months after the Implementation Date. If Spicers receives the Singapore Property Sale Proceeds during that period, then KPP will procure the payment of the net amount of such proceeds to the Scheme Shareholders. As at the date of this Explanatory Booklet, the Singapore Property Sale Proceeds are expected to be received prior to the implementation of the Transaction and all Transaction Consideration is expected to be paid to Spicers Shareholders on the Implementation Date.
<b>Deferred Consideration Right</b>	A right to receive Deferred Consideration.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation.
<b>Effective</b>	The coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.
<b>Effective Date</b>	The date on which the Scheme becomes Effective.
<b>End Date</b>	Seven months after the date of the Scheme Implementation Deed, or such later date as KPP and Spicers agree in writing.
<b>Exclusivity Period</b>	Has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed, a full copy of which can be obtained from Spicers' website at <a href="http://www.spicerslimited.com.au">www.spicerslimited.com.au</a> .

## 9.1 Glossary continued

Term	Meaning
<b>Explanatory Booklet</b>	This document.
<b>EY</b>	Ernst & Young.
<b>FY2018</b>	Financial year ended 30 June 2018.
<b>FY2019</b>	Financial year ended 30 June 2019.
<b>Governmental Agency</b>	Has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed, a full copy of which can be obtained from Spicers' website at <a href="http://www.spicerslimited.com.au">www.spicerslimited.com.au</a> .
<b>GST</b>	Goods and services tax.
<b>Implementation Date</b>	The date that is five Business Days after the Record Date, or such other date as Spicers and KPP may agree in writing or as may be required by ASX, but which in any case will not occur earlier than the week commencing 15 July 2019. The Implementation Date is currently expected to occur on 16 July 2019.
<b>Independent Expert</b>	Pitcher Partners Corporate Pty. Ltd. (ACN 082 323 868).
<b>Independent Expert's Report</b>	The report prepared by the Independent Expert dated 17 May 2019 set out in Annexure A.
<b>ITAA 1997</b>	<i>Income Tax Assessment Act 1997</i> (Cth).
<b>JPP</b>	Japan Pulp and Paper Co., Ltd., registered in Japan.
<b>KPP</b>	Kokusai Pulp & Paper Co., Ltd., registered in Japan.
<b>KPP Board</b>	The board of directors of KPP (as constituted from time to time), and includes any authorised committee of directors.
<b>KPP Director</b>	A director of KPP.
<b>KPP Group</b>	KPP and each of its Related Bodies Corporate (excluding, at any time, Spicers and its Subsidiaries to the extent that Spicers and its Subsidiaries are Related Bodies Corporate of KPP at that time), and <b>KPP Group Member</b> means any of them.
<b>KPP Information</b>	The information contained in: <ul style="list-style-type: none"><li>• the answer to the question 'Who is KPP?' in section 2; and</li><li>• section 5.</li></ul>
<b>KPP Representation and Warranty</b>	Has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed, a full copy of which can be obtained from Spicers' website at <a href="http://www.spicerslimited.com.au">www.spicerslimited.com.au</a> .
<b>Lender</b>	The lender under the Commitment Line Agreement, being Mizuho.
<b>Mizuho</b>	Mizuho Bank, Ltd.
<b>Moelis Australia</b>	Moelis Australia Advisory Pty. Ltd. (ACN 142 008 446).
<b>Notice of Scheme Meeting</b>	The notice of meeting relating to the Scheme Meeting which is contained in Annexure D.
<b>Notice of Special General Meeting</b>	The notice of meeting relating to the Special General Meeting which is contained in Annexure E.
<b>pcp</b>	Prior corresponding period.
<b>Record Date</b>	7.00pm on the date that is 3 Business Days after the Effective Date, or such other date as may be agreed in writing between KPP and Spicers or as may be required by ASX.
<b>Related Body Corporate</b>	Has the meaning given in the Corporations Act.
<b>Relevant Interest</b>	Has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Scheme or Scheme of Arrangement</b>	The scheme of arrangement under Part 5.1 of the Corporations Act between Spicers and the Scheme Shareholders, substantially in the form of Annexure B, or in such other form as Spicers and KPP may agree in writing, such agreement not to be unreasonably withheld.

## 9.1 Glossary continued

Term	Meaning
<b>Scheme Consideration</b>	<p>The consideration to be provided to each Scheme Shareholder under the terms of the Scheme for the transfer to KPP of its Scheme Shares, being:</p> <p>(a) the aggregate Base Scheme Consideration; plus</p> <p>(b) any additional amounts to be paid on a deferred basis in accordance with the Scheme Implementation Deed,</p> <p>divided by the total number of Scheme Shares.</p> <p>Any amounts returned to Spicers Shareholders by way of Capital Return do not constitute Scheme Consideration.</p>
<b>Scheme Implementation Deed</b>	<p>The Scheme Implementation Deed between Spicers and KPP dated 17 January 2019. A summary is set out in section 8.10 and a full copy can be obtained from Spicers' website at <a href="http://www.spicerslimited.com.au/investor-information/asx-and-media-release.htm">http://www.spicerslimited.com.au/investor-information/asx-and-media-release.htm</a>.</p>
<b>Scheme Meeting</b>	<p>The meeting of Spicers Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act in relation to the Scheme, to be held at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia on Wednesday, 26 June 2019 at 10.00am, including any adjournment or postponement of that meeting.</p>
<b>Scheme Meeting Proxy Form</b>	<p>The yellow proxy form for the Scheme Meeting which accompanies this Explanatory Booklet.</p>
<b>Scheme Resolution</b>	<p>A resolution of Spicers Shareholders to approve the Scheme, the form of which is set out in the Notice of Scheme Meeting in Annexure D.</p>
<b>Scheme Share</b>	<p>The Spicers Shares on issue as at the Record Date other than any Spicers Share then held by a Spicers Shareholder who is a member of the KPP Group (but including any such Spicers Share held on behalf of one or more third parties or otherwise in a fiduciary capacity).</p>
<b>Scheme Shareholder</b>	<p>Each person who is registered in the Spicers Register as a holder of a Scheme Share as at the Record Date.</p>
<b>Second Court Date</b>	<p>The first day of the hearing of an application made to the Court by Spicers for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, the first day of the adjourned hearing.</p>
<b>Second Court Hearing</b>	<p>The hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.</p>
<b>Singapore Property Sale Proceeds</b>	<p>The net proceeds for the sale of the property at 3 Gul Crescent, Singapore to HLS Property Pte Ltd, currently expected to be SG\$9.9 million<sup>(14)</sup> (A\$10.0 million, based on an exchange rate of 1.01 Australian Dollars to 1.00 Singaporean Dollar). Completion of this sale is expected to occur in early June 2019.</p>
<b>Special General Meeting</b>	<p>The general meeting of Spicers Shareholders convened by Spicers to consider the Capital Return Resolution and to be held at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia on Wednesday, 26 June 2019 at 10.15am or as soon thereafter as the Scheme Meeting has concluded or been adjourned.</p>
<b>Special General Meeting Proxy Form</b>	<p>The blue proxy form for the Special General Meeting which accompanies this Explanatory Booklet.</p>
<b>Spicers</b>	<p>Spicers Limited (ACN 005 146 350).</p>
<b>Spicers Board or Board</b>	<p>The board of directors of Spicers (as constituted from time to time) and includes any authorised committee of directors.</p>
<b>Spicers Director or Your Director</b>	<p>A director of Spicers.</p>
<b>Spicers Group</b>	<p>Spicers and each Subsidiary of Spicers, and <b>Spicers Group Member</b> means any of them.</p>

(14) These proceeds will be received by the Spicers Group by way of deferred consideration payable under the terms of the agreement for the sale of the Asian operations with JPP.



## 9.1 Glossary continued

Term	Meaning
<b>Spicers Information</b>	The information contained in this Explanatory Booklet, other than the KPP Information, the Independent Expert's Report and the information contained in section 7 (Taxation implications).
<b>Spicers Material Adverse Change</b>	<p>Any event, change, condition, thing, circumstance occurrence or matter (whether occurring before, on or after the date of the Scheme Implementation Deed) (each a <b>Specified Event</b>) that individually or when aggregated with all such events, changes, conditions, things, circumstances, occurrences or matters of a like kind that have transpired or are reasonably likely to transpire:</p> <ul style="list-style-type: none"> <li>(a) diminishes, or could reasonably be expected to diminish, the consolidated net assets of the Spicers Group by at least \$10,000,000 as compared to what the consolidated net assets of the Spicers Group could reasonably be expected to have been but for the Specified Event; or</li> <li>(b) diminishes, or could reasonably be expected to diminish, the consolidated EBITDA of the Spicers Group for the financial year ending 30 June 2019 by at least \$1,000,000 as compared to what the consolidated annual EBITDA of the Spicers Group could reasonably be expected to have been in that financial year but for the Specified Event, other than an event, change, condition, thing, circumstance, occurrence or matter:</li> <li>(c) expressly required or permitted to be undertaken or procured by the Spicers Group pursuant to, or as contemplated by, any Transaction Document, including the Capital Return;</li> <li>(d) to the extent that that event, change, condition, thing, circumstance, occurrence or matter is fairly disclosed in the Spicers Disclosed Information (as that term is defined in the Scheme Implementation Deed);</li> <li>(e) which results from a change in law or governmental policy, or accounting standards after the date of the Scheme Implementation Deed;</li> <li>(f) which results from a change of general economic, political or business conditions that impacts Spicers and its competitors in a similar manner;</li> <li>(g) resulting from the announcement of, or entry into, or performance of obligations under, the Scheme Implementation Deed and consummation of the Transactions; or</li> <li>(h) resulting from an act of terrorism, war (whether or not declared), natural disaster or the like occurring after the date of the Scheme Implementation Deed.</li> </ul>
<b>Spicers Performance Rights</b>	The performance rights issued under the Spicers Performance Rights Plan, as set out in section 8.11.
<b>Spicers Performance Rights Plan</b>	The equity incentive plan rules of Spicers titled 'Spicers Performance Rights Plan Rules'.
<b>Spicers Prescribed Occurrence</b>	Has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed, a full copy of which can be obtained from Spicers website at <a href="http://www.spicerslimited.com.au">www.spicerslimited.com.au</a> .
<b>Spicers Register</b>	The register of members of Spicers maintained by or on behalf of Spicers in accordance with section 168(1) of the Corporations Act.
<b>Spicers Registry or Computershare</b>	Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Spicers Scheme Representation and Warranty</b>	Has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed, a full copy of which can be obtained from Spicers' website at <a href="http://www.spicerslimited.com.au">www.spicerslimited.com.au</a> .
<b>Spicers Share or Share</b>	A fully paid ordinary share in the capital of Spicers.
<b>Spicers Shareholder or Shareholder</b>	A person who is registered in the Spicers Register as a holder of Spicers Shares from time to time.
<b>Spicers Shareholder Information Line</b>	1300 048 154 (within Australia) or +61 3 9415 4285 (outside Australia).
<b>Subsidiary</b>	Has the meaning given in the Corporations Act.

## 9.1 Glossary continued

Term	Meaning
<b>Superior Proposal</b>	<p>A publicly announced, bona fide Competing Proposal:</p> <ul style="list-style-type: none"> <li>(a) of the kind referred to in any of paragraphs (b), (c) or (d) of the definition of Competing Proposal; and</li> <li>(b) not resulting from a breach by Spicers of any of its obligations under clause 12 of the Scheme Implementation Deed,</li> </ul> <p>that the Spicers Board, acting in good faith, and after receiving written legal advice from its external legal advisers and after consulting with its financial advisers, determines is:</p> <ul style="list-style-type: none"> <li>(c) capable of being valued and completed in a timely fashion, taking into account all material aspects of the Competing Proposal; and</li> <li>(d) more favourable (or would be more favourable, if completed substantially in accordance with its terms) to the Spicers Shareholders (as a whole) than the Transaction (as the Transaction may be amended or varied following application of the regime set out in clause 12.5(e) of the Scheme Implementation Deed), taking into account all the material terms and conditions of the Competing Proposal.</li> </ul>
<b>Transaction</b>	<p>The transaction pursuant to which:</p> <ul style="list-style-type: none"> <li>(a) KPP will acquire the Scheme Shares under the Scheme, in consideration for the provision of the Scheme Consideration (to be paid in accordance with the terms and conditions of the Scheme); and</li> <li>(b) the Capital Return will be implemented.</li> </ul>
<b>Transaction Consideration</b>	The aggregate of the Scheme Consideration, the Capital Return Consideration and any Deferred Consideration.
<b>Transaction Documents</b>	The Scheme Implementation Deed, the Scheme and the Deed Poll.
<b>Transaction Meetings</b>	The Scheme Meeting and the Special General Meeting.
<b>Transaction Resolutions</b>	The Scheme Resolution and the Capital Return Resolution.
<b>VWAP</b>	Volume weighted average price.

## 9.2 Interpretation

In this Explanatory Booklet:

- (a) words of any gender include all genders;
- (b) words importing the singular include the plural and vice versa;
- (c) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (d) a reference to a section or annexure is a reference to a section or annexure of this Explanatory Booklet, as relevant;
- (e) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (f) headings and bold type are for convenience only and do not affect the interpretation of this Explanatory Booklet;
- (g) a reference to time is a reference to Melbourne, Australia time unless otherwise specified;
- (h) a reference to dollars, A\$ and \$ is to Australian currency;
- (i) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- (j) the words 'include', 'including', 'for example' or 'such as' when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.



# A

## Annexure A Independent Expert's Report



# SPICERS LIMITED

17 May 2019

## Independent Expert Report



# PITCHER PARTNERS

Ref: PM: JM

17 May 2019

**Pitcher Partners Corporate Pty Ltd**

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AFS LICENCE NO. 229841

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**PRIVATE AND CONFIDENTIAL**

The Directors  
Spicers Limited  
155 Logis Boulevard  
DANDENONG SOUTH VIC 3175

Dear Sirs

**INDEPENDENT EXPERT REPORT**

**Introduction**

On 17 January 2019 (Announcement Date) Spicers Limited (Spicers or the Company) announced that it had entered into a binding Scheme Implementation Deed (Implementation Agreement) with Kokusai Pulp & Paper Co., Ltd (KPP) under which KPP would acquire all of the shares in Spicers pursuant to a Scheme of Arrangement (the Scheme).

In conjunction with the Scheme, the Company will propose a contemporaneous return of capital to shareholders covering distributions in relation to the sale of its Asian operations, sale of properties in Singapore and Tasmania and surplus net cash amounts as at 30 June 2019 (the Capital Return). This Capital Return will replace the proposed capital return of up to A\$15 million approved by shareholders at the Annual General Meeting on 15 November 2018. Spicers has applied for a class ruling from the Australian Tax Office in relation to the Capital Return.

The Scheme and Capital Return collectively represent the proposed transaction with KPP (the Transaction). As part of the Transaction, shareholders are expected to receive A\$147.6 million or 7.0 cents per share on a fully diluted basis payable in cash (the Consideration). This includes a Base Scheme Consideration of A\$90 million (4.3 cents per share) and an estimated Capital Return of approximately A\$57.6 million (2.7 cents per share) inclusive of any amounts that may become payable on a deferred basis (Deferred Consideration). Base Scheme Consideration and Deferred Consideration collectively represent the Scheme Consideration. Conditions precedent to the Transaction include a condition that the Consideration as at 8 am on the date of court approval of the Scheme is equal to or greater than 6.6 cents per share.

Spicers will seek approval for the Scheme and Capital Return from the holders of ordinary shares in Spicers (the Shareholders) at a Scheme Meeting and a Special General Meeting respectively to be held on 26 June 2019. The approval will be sought under a Scheme Resolution and Capital Return Resolution for the Scheme and the Capital Return respectively (collectively referred to as the Shareholder Resolutions). Subject to shareholder approval and other conditions of the Scheme being satisfied, the Transaction is expected to be implemented in July 2019.

You have requested that Pitcher Partners Corporate Pty Ltd (Pitcher Partners Corporate) prepare an independent expert report advising whether, in our opinion, the Scheme is in the best interests of the Shareholders.

Liability limited by a scheme approved under Professional Standards Legislation.  
\*Other than for the acts or omissions of financial services licensees.

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**Pitcher Partners | Independent Expert Report**

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INTERNATIONAL

### Purpose of Report

This report has been prepared to assist Shareholders in their decision on how to vote on the Scheme.

The Transaction shall be executed pursuant to Section 411 of the Corporations Act 2001 (Cth) (Corporations Act). Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth) specifies the circumstances in which an independent expert report is mandatory. An independent expert's report must accompany an explanatory statement in instances where:

- a party to a scheme of arrangement already has a shareholding of at least 30% in the target; or
- where there are common directors in the entities involved in the scheme of arrangement.

In regard to the Scheme, neither of the above are applicable, therefore there is no legal requirement to commission an independent expert report. However, it is common for a scheme company to commission an expert report voluntarily for a transaction that is complex or effects a takeover even if an expert report is not required under the Corporations Regulations as stated in notes to 60.74 of Australian Securities and Investments Commission (ASIC) Regulatory Guide 60.

The Implementation Agreement specifies that an independent expert report stating that the Scheme is in the best interest of Shareholders is a condition precedent of the Transaction. Shareholder approvals for the Scheme Resolution under section 411(4)(a)(ii) of the Corporations Act and Capital Return Resolution under section 256C(1) of the Corporations Act are also conditions precedent.

A copy of the report will be incorporated in the notice of meeting to be provided to Shareholders by the Company. The report should not be quoted or referred to or utilised for any other purpose unless written consent has been provided by Pitcher Partners Corporate.

### Sources of Information

Appendix 2 to this report sets out details of information referred to and relied upon by Pitcher Partners Corporate during the course of preparing this report and forming our opinion.

### Summary of Opinion

In determining whether the Scheme is in the best interests of Shareholders, we have considered whether the Scheme is fair and reasonable to the Shareholders, similar to the evaluation which would be undertaken pursuant to Section 640 of the Corporations Act.

RG 111.18 of Regulatory Guide (RG) 111 'Content of Expert Reports' states that in circumstances where a scheme of arrangement is used to achieve change of control, ASIC expects the form of analysis to be substantially the same as for a takeover bid under Chapter 6 of the Corporations Act.

RG 111.11 states that an offer is "fair" if the value of the offer price or consideration is equal or greater than the value of the securities subject to the offer. The value of the securities is to be determined based on the following guidelines:

- assuming that the transaction involves a knowledgeable and willing, but not anxious, buyer and seller acting at arm's length; and
- assuming 100% ownership of the target company regardless of the ownership held by the bidder or affiliated entities in the target company, and irrespective of whether the consideration is scrip or cash.

As the Scheme and Capital Return are contemporaneous, for practical purposes fairness involves a comparison of the Consideration to the estimated value range of the ordinary shares in Spicers on a fully diluted basis, including the value of assets that form part of the Capital Return.

Our assessment based on the above guidelines is that the Scheme is fair to the Shareholders. In arriving at this opinion we had regard to the value of the Spicers ordinary shares on a fully diluted basis. We have compared this to the Consideration as summarised below:

#### Value of Spicers Ordinary Shares

	A\$	A\$
Adopted Equity value (million)	140.0	157.8
Number of shares on a fully diluted basis (million)	2,107	2,107
<b>Value per ordinary share</b>	<b>0.066</b>	<b>0.075</b>
Base Scheme Consideration per share	0.043	0.043
Expected Capital Return per share	0.027	0.027
<b>Expected Consideration per share</b>	<b>0.070</b>	<b>0.070</b>

As the Consideration is within our assessed range of values for Spicers ordinary shares, in our opinion the Scheme is considered fair to the Shareholders.

In determining whether the Scheme is reasonable, we have considered the following:

- the Consideration represents a premium of approximately 30% to the trading levels of Spicers ordinary shares on the Australian Securities Exchange (ASX) prior to the announcement of the Transaction after the market closed on 17 January 2019;
- the Transaction provides Shareholders certainty regarding value and timing of returns compared to the alternative of holding shares in anticipation of future share price movements;
- the Transaction creates a feasible exit mechanism for Shareholders in light of the low trading volumes in the past;
- Shareholders will not have to incur brokerages costs to transfer ownership unlike in a transaction through the stock exchange trading system; and
- no superior proposal has been received by Spicers Board since the announcement of the Scheme.

The only potential adverse impact we have identified is that Shareholders will not be able to participate in any future upside potential of the Company once acquired by KPP. We are not aware of any other adverse impact on Shareholders should the Transaction be approved.

Having regard to the above, we are of the opinion that the Scheme is in the best interests of the Shareholders in the absence of a superior proposal.

#### Limitations on Scope

Pitcher Partners Corporate has been engaged to prepare an independent expert's report setting out whether in its opinion the Scheme is in the best interests of Shareholders. Pitcher Partners Corporate has not been engaged to provide a recommendation to Shareholders in relation to the Transaction, the responsibility for which lies with the Directors. Shareholders should carefully assess the Explanatory Booklet.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Shareholders. How a Shareholder votes on the Transaction (if at all) is a matter for individual Shareholders based on their views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from Shareholder to Shareholder.



Accordingly, before acting in relation to their investment, Shareholders should consider the appropriateness of the opinion having regard to their own objectives, financial situation or needs. Shareholders who are in doubt as to the action they should take in relation to the Transaction should consult their own professional adviser.

Pitcher Partners Corporate has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Pitcher Partners Corporate's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours sincerely  
PITCHER PARTNERS CORPORATE PTY LTD

A handwritten signature in black ink, appearing to read 'P. Murone', written over a light blue horizontal line.

P MURONE  
Executive Director



## Financial Services Guide

Version dated:

### What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document that is designed to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 229841. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution procedures and how you can access them.

### Information about us

Pitcher Partners Corporate Pty Ltd has been engaged by Spicers Limited to provide general financial product advice in the form of a report to be given to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are only responsible for the financial product advice provided in our report and for the contents of this FSG.

You may contact us by writing to GPO Box 5193, MELBOURNE VIC 3001, or by telephone on +613 8610 5000.

Pitcher Partners Corporate Pty Ltd is ultimately owned by the Victorian partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, insolvency, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Corporate Pty Ltd are partners of Pitcher Partners.

The Victorian partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Pty Ltd and not by the Victorian partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Victorian partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

We hold professional indemnity insurance as required by the Corporations Act 2001 (Cth).

### What financial services are we licensed to provide?

Our AFSL authorises us to provide general financial product advice and deal in the following classes of financial products to both retail and wholesale clients:

- Deposit products (including basic deposit products and deposit products other than basic deposit products)
- Derivatives
- Government debentures, stocks or bonds
- Interests in managed investment schemes including investor directed portfolio services
- Securities

### Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS or offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS or offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

### How are we and our employees remunerated?

The fees we charge for preparing reports are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us.

Neither Pitcher Partners Corporate Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. We are committed to responding to any complaints promptly, fairly and effectively. We have developed an internal complaint resolution policy and complaint handling procedures that are designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

Partner in Charge – Corporate Finance  
Pitcher Partners  
GPO Box 5193  
MELBOURNE VIC 3001

If we are not able to resolve your complaint to your satisfaction within 45 days of the first notification of your complaint to us, you may contact the Australian Financial Complaints Authority ("AFCA"). AFCA provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to AFCA online at [www.afca.org.au](http://www.afca.org.au).

The Australian Securities and Investments Commission ("ASIC") website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630  
Email: [info@asic.gov.au](mailto:info@asic.gov.au)  
Internet: <http://www.asic.gov.au/asic/asic.nsf>

If your complaint relates to a breach of our Privacy Policy or the Australian Privacy Principles, the matter should be referred to The Privacy Officer, GPO Box 5193, Melbourne VIC 3001.



## Contents

1.	Details of the Offer	01
1.1	Transaction Overview	01
1.2	Key Terms & Conditions	02
2.	Scope of Report	03
2.1	Purpose of the Report	03
2.2	Basis of Evaluation	03
2.3	Limitation and Reliance on Information	04
3.	Background to Spicers	05
3.1	Brief History	05
3.2	Products and Services	06
3.3	Customers	08
3.4	Geographic Presence	09
3.5	Board of Directors and Key Management	11
3.6	Capital Structure	12
3.7	Options and Performance Rights	12
3.9	Share Price and Liquidity Analysis	13
3.10	Financial Performance	14
3.12	Financial Position	17
4.	Valuation Methodology	20
4.1	Valuation Approach	20
4.2	Selection of Approach & Methodology	21
5.	Value of Spicers Shares	22
5.1	Approach	22
5.2	Future Maintainable Earnings	22
5.3	Multiple	23
5.4	Selection of the Multiple	26
5.5	Enterprise Value	26
5.6	Surplus Assets	26
5.7	Value of Equity & Ordinary Shares	27
5.8	Test of Reasonableness - Asset Based Approach	27
5.9	Adopted Valuation Range	27
6.	Assessment of Scheme	28
6.1	Approach	28
6.2	Fairness Assessment	28
6.3	Assessment of Reasonableness	28
6.4	Conclusion	29

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**Appendices**

Appendix 1: Glossary of Terms	30
Appendix 2: Sources of Information	32
Appendix 3: Benchmark Listed Companies	33
Appendix 4: Comparable Transaction Descriptions	36
Appendix 5: Qualifications, Declarations & Consents	38

## Details of the Offer

## 1. Details of the Offer

### 1.1 Transaction Overview

On 17 January 2019 (Announcement Date) Spicers Limited (Spicers or the Company) announced that it had entered into a binding Scheme Implementation Deed (Implementation Agreement) with Kokusai Pulp & Paper Co., Ltd. (KPP) under which KPP would acquire all of the shares in Spicers pursuant to a Scheme of Arrangement (the Scheme).

In conjunction with the Scheme, the Company is proposing a contemporaneous return of capital to the holders of ordinary shares in Spicers (the Shareholders) as detailed further below. The Scheme and return of capital collectively represent the proposed transaction with KPP (the Transaction).

As part of the Transaction, shareholders are expected to receive A\$147.6 million or 7.0 cents per ordinary share on a fully diluted basis payable in cash (the Consideration). This includes a Base Scheme Consideration of A\$90 million (4.3 cents per share) and an estimated Capital Return of approximately A\$57.6 million (2.7 cents per share) inclusive of any amounts that may become payable on a deferred basis (Deferred Consideration), if any.

The Capital Return comprises a return of capital to shareholders covering distributions in relation to the sale of its Asian operations, sale of properties in Singapore and Tasmania and surplus net cash as at 30 June 2019 (the Capital Return). Deferred Consideration will only eventuate if there are delays in the settlement of the Singapore property sale.

It is estimated that the Capital Return to shareholders will be approximately A\$57.6 million (2.7 cents per share), to be payable on the same day as implementation of the Scheme under Clause 5 of the Implementation Agreement. The Capital Return will replace the proposed capital return of up to A\$15 million approved by Shareholders at the Annual General Meeting on 15 November 2018.

The composition of the estimated Capital Return is as follows:

Capital Return Components	A\$
Asian operations sale proceeds net of transaction costs (million)	22.2
Expected proceeds from sale of surplus property net of transaction costs (million)	14.4
Expected surplus 'net cash' balance (less liabilities and transaction costs) (million)	21.0
Total (million)	57.6
Number of ordinary shares on a fully diluted basis (million)	2,107
Expected Capital return per ordinary share	0.027

Source: Management

Under the terms of the Scheme, the Shareholders will be entitled to receive the Scheme Consideration, subject to all applicable conditions being satisfied or waived and the Scheme being implemented.

The Capital Return is conditional on the requisite majority of the Shareholders voting in favour of the Capital Return Resolution.

Spicers is seeking approval from the Shareholders to implement the Capital Return contemporaneously with the Scheme. The approval is being sought under a Scheme Resolution and Capital Return Resolution for the Scheme and the Capital Return respectively (collectively the Shareholder Resolutions).

## 1.2 Key Terms & Conditions

The key outstanding conditions of the Transaction as at the date of this report and as set out in the Implementation Agreement and disclosed to the market through the ASX announcement dated 17 January 2019 are as follows:

Item	Implementation Agreement Reference	Details
Independent Expert's Report	3.1(a)	The Independent Expert provides the Independent Expert's Report to Spicers, stating that in its opinion the Scheme is in the best interests of Spicers Shareholders, and the Independent Expert does not change its conclusion or withdraw the Independent Expert's Report by notice in writing to Spicers prior to 8am on the Second Court Date.
Spicers Shareholder approval of Scheme	3.1(b)	The Scheme Resolution is approved by the requisite majorities of Shareholders under section 411(4)(a)(ii) of the Corporations Act.
Spicers Shareholder approval of Capital Return	3.1(c)	Spicers Shareholders, to the extent they have not already done so, approve the Capital Return Resolution by the requisite majority under the section 256C(1) of the Corporations Act at the Special General Meeting.
Scheme Consideration and Capital Returns	3.1(d)	As at 8am on the Second Court Date, the aggregate of: <ul style="list-style-type: none"> <li>(i) the Base Scheme Consideration;</li> <li>(ii) the Deferred Consideration (if any); and</li> <li>(iii) the amounts to be returned to Scheme Shareholders by way of Capital Return reduced by any amounts to be paid as Deferred Consideration,</li> </ul> is equal to or greater than 6.6 cents per Scheme Share.
Court Approval of Scheme	3.1(e)	The Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act.
No restraints	3.1(f)	No judgement, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted promulgated, enforced or issued by any court or other Governmental Agency of competent jurisdiction, remains in effect as at 8am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Transaction or any Transaction Document.
No Spicers Prescribed Occurrence	3.1(g)	No Spicers Prescribed Occurrence occurs or becomes known to KPP between (and including) the date of the Implementation Agreement and 8am on the Second Court date.
No Spicers Material Adverse Change	3.1(h)	No Spicers Material Adverse Change occurs or is discovered, announced or disclosed or otherwise becomes known to KPP, between (and including) the date of the Implementation Agreement and 8am on the Second Court date.

Source: Implementation Agreement

The Implementation Agreement indicates that an independent expert's report concluding the Scheme to be in the best interests of Shareholders is a condition precedent of the Transaction. Shareholder approvals for the Scheme Resolution under section 411(4)(a)(ii) of the Corporations Act and Capital Return Resolution under section 256C(1) of the Corporations Act are also conditions precedent.

## Scope of Report

## 2. Scope of Report

### 2.1 Purpose of the Report

Pitcher Partners Corporate has been requested to prepare an independent expert's report to assist the Shareholders in their decision on how to vote on the Scheme.

The Transaction shall be executed pursuant to Section 411 of the Corporations Act. Part 3 of Schedule 8 of the Corporations Regulations 2001 specifies the circumstances in which an independent expert's report is mandatory. An independent expert report must accompany an explanatory statement in instances where:

- a party to a scheme of arrangement already has a shareholding of at least 30% in the target; or
- where there are common directors in the entities involved in the scheme of arrangement.

Therefore, there is no legal requirement to commission an independent expert report to be included in the Explanatory Booklet for the Transaction. However, scheme companies generally commission independent expert's reports if the scheme effects a takeover offer and involves a complex transaction.

This report has been prepared to assist Shareholders in their decision on how to vote on the Scheme.

A copy of the report will be incorporated in the notice of meeting to be provided to Shareholders by Spicers. The report will not be quoted or referred to or utilised for any other purpose unless written consent has been provided by Pitcher Partners Corporate.

### 2.2 Basis of Evaluation

In determining whether the Scheme is in the best interests of Shareholders, we have considered whether the Scheme is fair and reasonable to the Shareholders, similar to the evaluation which would be undertaken pursuant to Section 640 of the Corporations Act.

RG 111.18 states that in circumstances where a scheme of arrangement is used to achieve change of control, ASIC expects the form of analysis to be substantially the same as for a takeover bid under Chapter 6 of the Corporations Act.

RG 111.11 states that an offer is "fair" if the value of the offer price or consideration is equal or greater than the value of the securities subject to the offer. The value of the securities is to be determined based on the following guidelines:

- assuming that the transaction involves a knowledgeable and willing, but not anxious, buyer and seller acting at arm's length; and
- assuming 100% ownership of the target company regardless of the ownership held by the bidder or affiliated entities in the target company, and irrespective of whether the consideration is scrip or cash.

The Scheme is fair if the Scheme Consideration is greater than or equal to the estimated value range of the ordinary shares in Spicers on a fully diluted basis, excluding the value of assets that form part of the Capital Return. As the Scheme and Capital Return are contemporaneous, for practical purposes fairness involves a comparison of the Consideration to the estimated value range of the ordinary shares in Spicers on a fully diluted basis, including the value of assets that form part of the Capital Return.

Reasonableness involves an analysis of other factors that Shareholders might consider prior to accepting or rejecting the Scheme. An offer could be considered 'reasonable' if there were valid reasons to accept the Scheme notwithstanding that it may not be considered 'fair'.

In considering whether the Scheme is reasonable, the factors other than fairness that have been considered include:

- Consideration compared to the trading levels of Spicers ordinary shares on the ASX prior to the announcement of the Transaction;
- the nature and certainty of the Consideration;
- the extent of any other potential proposals; and
- any potential adverse impact on Shareholders should the Transaction be approved.

### 2.3 Limitation and Reliance on Information

The opinion of Pitcher Partners Corporate is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services as issued by the Australian Professional and Ethical Standards Board.

## Background to Spicers

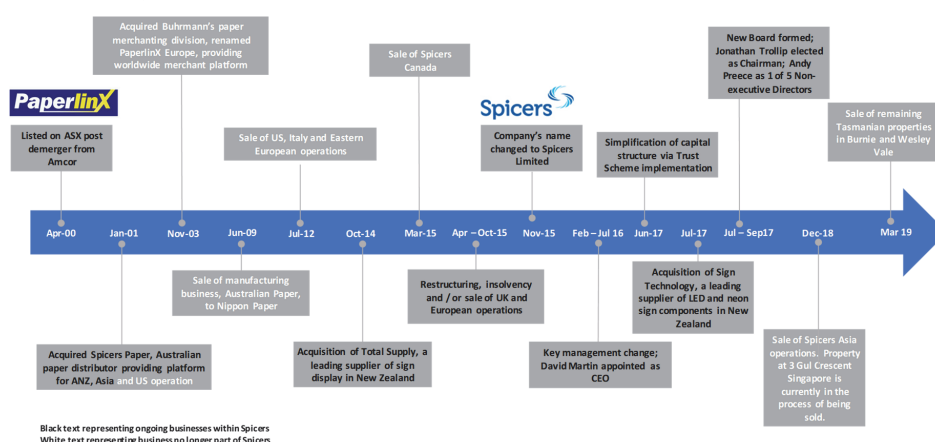
### 3. Background to Spicers

#### 3.1 Brief History

Spicers is an ASX listed company which originally listed as PaperlinX Limited (Paperlinx) in April 2000. The Company was part of Amcor Limited prior to the listing. In November 2015 the Company changed its name from PaperlinX Limited to Spicers Limited.

Spicers serves customers in the commercial print, labelling, graphics, signage, visual display and architectural industries, with commercial print and packaging being its core product category. The Company has diversified its product range to digital media, sign and display consumables and hardware, and architectural and window film products through a combination of organic growth and acquisitions.

Some of the key events for Spicers in the last two decades are as follows:



Spicers undertook a number of acquisitions following its listing in 2000, including:

- Spicers Paper in January 2001, which allowed for growth in fine paper merchanting in Australia, New Zealand, USA and Asia;
- Bunzl Fine Paper (UK) in 2002 and Buhrmann's paper merchanting division in 2003, which established the Company's merchant platform in Europe;
- Cascades Merchanting in Canada in 2006 to strengthen its North American presence;
- Antalis S.p.A in Italy in 2007 which further expanded the business in Europe;
- iMedia business in Australia in 2007 to expand into large format digital printing;
- Canterbury Packaging in 2013 to expand into the industrial packaging business in New Zealand; and
- Total Supply Limited in New Zealand in October 2014, to grow and expand Spicers' strategic supply relationships in the sign and display category.

By the beginning of 2008, Spicers had operations in more than 20 countries around the world, including Germany, Canada, USA, UK and Continental Europe. However, following the global financial crisis, Spicers divested the following businesses to reduce debt:

- Exit of paper manufacturing with the sale of Australian Paper to Nippon Paper in June 2009;
- Sale of USA, Italy and Eastern European operations in June and July 2012;
- Sale of Canada operations in March 2015;
- Divestment of remaining European operations from April 2015 to October 2015; and
- Sale of Asian operations in December 2018. Further details regarding the sale of the Asian operations are provided in Section 3.12.



## Background to Spicers

Other notable events during the last three years include:

- Simplification of capital structure via a trust scheme implemented in June 2017. Under the scheme implementation agreement Spicers acquired all step-up preference securities it did not already own in the Paperlinx SPS Trust. New Spicers shares were issued in consideration for securities acquired. The Paperlinx SPS Trust was originally established for the purpose of issuing units to raise funds to invest in preference shares in a subsidiary of Spicers;
- Acquisition of Sign Technology, a supplier of LED and neon sign components in July 2017; and
- Appointment of a new Board of Directors in September 2017.

In addition to the above, Spicers has either sold or is in the process of selling the following properties:

- Sale of property at 7-15 Reeves Street, South Burnie, Tasmania settled on 29 March 2019;
- Sale of property at 226 Mill Road, Wesley Vale, Tasmania settled on 28 March 2019; and
- in the process of selling a property at 3 Gul Crescent, Singapore which is expected to be settled prior to completion of the Transaction.

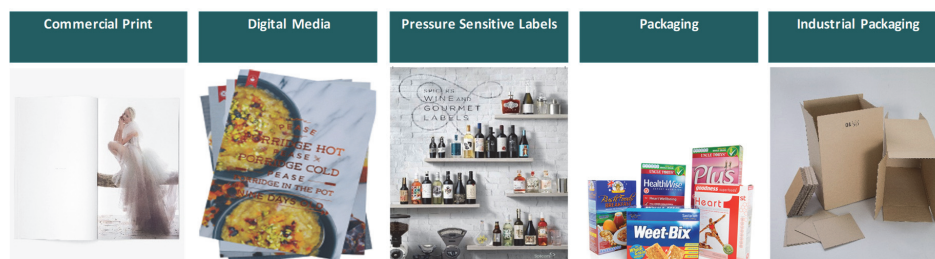
## 3.2 Products and Services

Spicers is a distributor and provider of services to customers in commercial print, sign & display, pressure sensitive labelling and packaging market sectors. Spicers stocks and distributes a wide range of products and services, operating under two primary product groups:

- **Print and Packaging** – produces a broad range of paper related products, covering traditional commercial print and packaging uses through to expanding digital print applications, industrial packaging materials and pressure sensitive labelling applications;
- **Sign and Display and Other Diversified Categories:**
  - **Sign and Display** - includes a range of products and services for customers in the signage, visual display, labels and interior fit-out industries; and
  - **Other Diversified Categories** - Spicers recently entered the Architectural segment with interior and exterior solutions for windows and renovation applications, including a new supplier partnerships with 3M™ Window Films Agency secured in FY18.

Details of the key products within each business are as follows:

### Print and Packaging



Print and Packaging products and services include:

- **Commercial Print:** Spicers offers a wide range of paper solutions to meet commercial printing requirements of customers including the following:
  - **Coated and uncoated fine papers (many with recycled content)** – coated fine paper is used for high finish publications that require full-colour image printing such as magazines, catalogues, annual reports and picture books. Uncoated paper is used for printing materials with a large amount of text, such as menus and certificates, as the textured finish can provide a more prestigious impression;
  - **Carbonless paper** – carbonless paper serves as an alternative to traditional carbon paper to duplicate documents. Carbonless paper products are more efficient to use as the customer no longer has to insert a carbon sheet each time a document has to be duplicated;
  - **Speciality paper** – Spicers offers coloured, textured and embossable paper which are used for architectural plans and high-end packaging;
  - **Synthetic paper** – water, oil and tear resistant material used for indoor and outdoor applications such as document envelopes, outdoor posters and advertising, packaging and labels.

### Background to Spicers

- **Digital paper** – these materials support print systems such as HP Indigo, Water based Inkjet, Color Laser and High Speed Inkjet;
- **Pressure sensitive labels** – used for varied self-adhesive label applications such as wine bottles; and
- **Packaging and industrial packaging** – includes cardboard packaging materials and other industrial packaging products, ranging from protective packaging through to wrapping films and self-adhesive tapes.

### Sign and Display and Other Diversified Categories

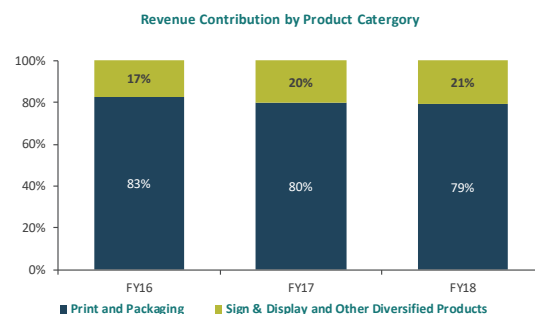


Sign and Display products and services include:

- **Flexible vinyl substrates** – cut and coloured to suit a wide variety of applications such as outdoor illuminated signs, awnings and billboards;
- **Rigid substrates** – these include a broad range of sign and display substrates used as fibre based display boards, paper display boards and one-sided display boards;
- **Finishing products** – these include a wide and grand format printing and finishing equipment, roll media, inks and protective laminates. These products are used to protect the print material and extend longevity of the printed material;
- **Pressure sensitive films and wraps** – coloured, reflective and protective materials for a varied range of applications such as fleet graphics, signs and emblems;
- **LED display products and components** – used in commercial buildings to display advertisements, display building directories, and other information;
- **Window films and trims** – window protection systems primarily sourced from 3M™ Window Films Agency; and
- **Architectural** – interior solutions to suit varied fit-out and rejuvenation applications.

Spicers products are sourced with consideration for environmental and social criteria. All operations have chain-of-custody certifications, such as Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC), with Spicers committed to providing a wide range of products with strong environmental credentials.

The revenue contribution from the two main product categories is summarised below from FY16 to FY18.



Source: Management

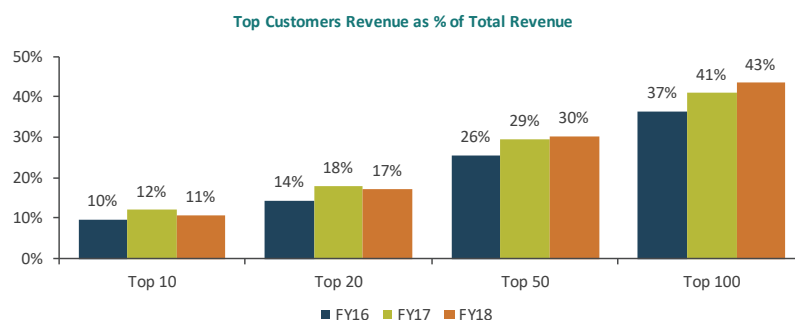
These figures include the Asian operations that were sold in December 2018. The Asian operations contributed a relatively small percentage of sign & display sales (approximately 3%), with the vast majority of revenue generated from Print and Packaging product categories.

The declining contribution from Print and Packaging product categories reflects a broader decline in the paper wholesale and printing industries over the past few years. The IBISWorld 2018 paper products and printing industry reports show that both industries declined at an annualised rate of approximately 1.0% per annum over the five years through to 2018, with falling demand and pricing pressure the primary drivers. Similarly, the Pulp & Paper Strategic Review 2018 prepared by Industry Edge, a provider of data analysis and advice for the forestry and paper industries, shows that Paper & Paperboard consumption in Australia and New Zealand declined on average by 2.0% and 0.2% per annum respectively over the decade to 2018. This trend is expected to continue according to Industry Edge, with a forecast decline of approximately 4.9% per annum to 2023.

Due to the decline in the traditional print and packaging industry, Spicers has focused on diversifying its products through growth in the sign & display market. The broader industry for sign and display products is growing, and generally provides greater margins than the traditional print and packaging industry. For example, Spicers print and packaging revenue grew by 0.5% in FY18 compared to 2.6% for sign & display revenue. The acquisition of New Zealand based Sign Technology Ltd in June 2017 contributed to the growth in sign & display product revenue in FY18. The architectural product category within sign & display represents a very small component of total revenue as it is relatively new, with Spicers entering the market in FY17.

### 3.3 Customers

Spicers serves approximately 6,000 customers spread across Australia and New Zealand. Spicers' revenue is relatively diversified across a wide customer base with its top 10 and top 100 customers representing only 11% and 43% of its total revenue respectively, as illustrated below. Customers represent a range of businesses including commercial print, industrial packaging, graphics, signage, visual display and interior fit-out industries.

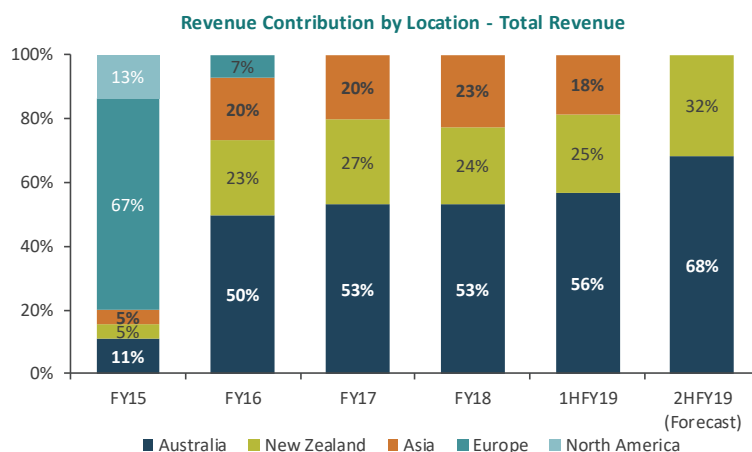


Source: Management

## Background to Spicers

### 3.4 Geographic Presence

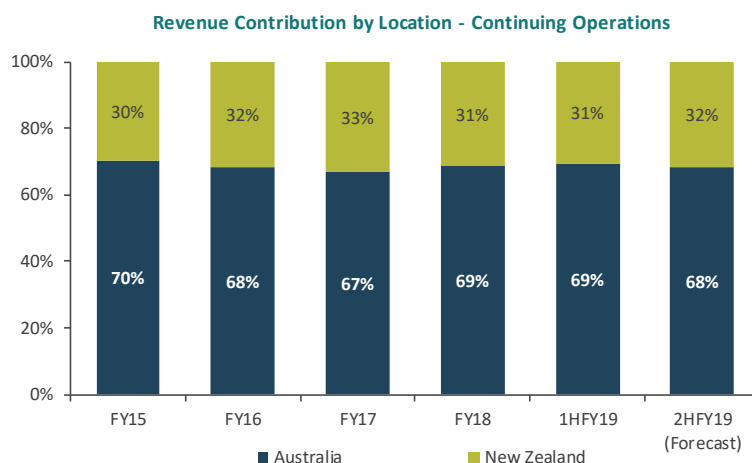
Spicers currently operates within Australia and New Zealand only, having previously had a presence in Asia, North America and Europe as outlined in Section 3.1. The historic revenue contribution of each of these regions over the past five years is as follows:



Source: Management, Note: Revenue breakdown for 2<sup>nd</sup> half FY19 is based on financial projections provided by Spicers.

From FY16 to FY18, the Asian operations represented approximately 20% to 23% of revenue, which included operational hubs in Singapore, multiple locations in Malaysia and a representative office in Vietnam. Spicers entered into an agreement to sell its Asian operations to Japan Pulp & Paper Company Limited (JPP) on 26 September 2018. Financial statements do not include Asian operations effective after 11 December 2018.

We have separately presented the historic revenue contribution excluding the discontinued operations (i.e. reflecting Australia and New Zealand only).

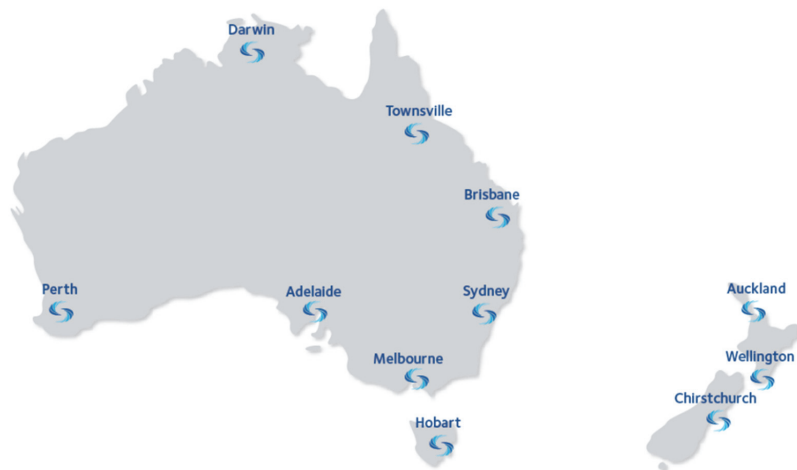


Source: Management, Note: Revenue breakdown for 2<sup>nd</sup> half FY19 is based on financial projections provided by Spicers.

## Background to Spicers



Australia is the largest business region, comprising more than half of Spicers sales, with approximately 200 staff. Spicers has a nationwide distribution network with a presence in all states as highlighted below. Spicers services customers from three locations in both the North and South Islands in New Zealand, with Auckland contributing approximately 80% of total New Zealand revenue. Spicers has approximately 110 staff based in New Zealand.



Source: Management

## Background to Spicers

## 3.5 Board of Directors and Key Management

The current Board of Directors and key management of Spicers comprise:

Role	Experience
Jonathan Trollip, Non-executive Director (Chairman)	Mr Trollip has been Chairman of Spicers since September 2017. He has over 30 years of commercial, corporate, governance, legal and transaction experience. He is currently Non-Executive Chairman of ASX listed Antipodes Global Investment Company Limited, Future Generation Investment Company Limited, Global Value Fund, Plato Income Maximiser Limited and Spheria Emerging Companies Limited and a Non-Executive Director of ASX listed Kore Potash Plc and Propel Funeral Partners Limited.
Andrew Preece, Non-executive Director	Mr Preece was appointed as a Director in September 2017. Mr Preece was previously Managing Director and Chief Executive Officer of Spicers. He is currently a partner and funder for a residential property development company, Director of a financial services provider of mortgages and commercial lending and is also involved in business advisory activities.
Gabriel Berger, Non-executive Director	Mr Berger has been a Non-executive Director since September 2017. Mr Berger was a major PaperlinX SPS unitholder for many years, and previously formed a highly successful software company in 1973 which he managed for 30 years.
Nigel Burgess, Non-executive Director	Mr Burgess was appointed as a Director in September 2017. He has 30 years experience in funds management and a variety of commercial transactions and corporate restructurings across a range of industries and jurisdictions. He is a Director of Samuel Terry Asset Management, which manages the Samuel Terry Absolute Return Fund, a substantial shareholder in Spicers.
Todd Plutsky, Non-executive Director	Mr Plutsky was appointed as a Director in September 2017. Mr Plutsky is a Managing Partner at Coastal Investment Management, L.P., and is a Director of Coastal Capital International Ltd., which is a substantial shareholder of Spicers.
Vlad Artamonov, Non-executive Director	Mr Artamonov was appointed as a non-executive director in September 2017. He is a Managing Partner at Coastal Investment Management, L.P, an investment management firm. Mr Artamonov is also a Director of Coastal Capital International Ltd., which is a substantial shareholder of Spicers.
David Martin, Chief Executive Officer	Mr Martin was appointed as Chief Executive Officer of Spicers in July 2016. He has significant experience in business and market development, M&A and organisational transformation. He led various divisions across Australia & New Zealand, Asia, South Africa and the USA during his 23 years at Avery Dennison. His background includes sales & marketing and operations leadership roles within Avery Dennison and 3M. He has an MBA from the University of South Australia.
Damien Power, Chief Financial Officer	Mr Power was appointed as Chief Financial Officer of Spicers in February 2018, also subsequently becoming joint Company Secretary in April 2018. He has 40 years of experience in finance across a broad range of industries and geographies.

Source: Management

### 3.6 Capital Structure

Spicers currently has 2,056,942,649 ordinary shares on issue.

Summarised below are the top 20 ordinary shareholders as at 30 April 2019:

Holder	No. of Shares	%
HSBC Custody Nominees (Australia) Limited-GSCO ECA	301,834,501	14.67
J P Morgan Nominees Australia Limited	275,750,531	13.41
HSBC Custody Nominees (Australia) Limited	113,680,030	5.53
NATPAC Financial Services Pty Ltd	109,410,666	5.32
National Nominees Limited	106,277,528	5.17
Berger Equities Pty Ltd	71,855,075	3.49
Communications Power Incorporated (Aust) Pty Ltd	65,400,000	3.18
Ayersland Pty Ltd	59,694,130	2.90
One Managed Invst Funds Ltd	54,673,312	2.66
Hishenk Pty Ltd	50,000,000	2.43
BNP Paribas Noms (NZ) Ltd	48,005,272	2.33
Citicorp Nominees Pty Ltd	39,351,773	1.91
Feida Zhuangyuan Pty Ltd	37,030,000	1.80
BNP Paribas Nominees Pty Ltd – Retail Client	29,170,902	1.42
HSBC Custody Nominees (Australia) Limited – A/C 2	22,829,757	1.11
BNP Paribas Nominees Pty Ltd – Custodial Services Ltd	21,876,223	1.06
Ayersland Pty Ltd	13,257,597	0.64
Koll Pty Ltd	11,000,000	0.53
Mr Errol Bertram Goldschmidt + Mrs Zillah Goldschmidt	10,300,000	0.50
McDonald Bros Holdings Pty Ltd	9,810,000	0.48
<b>Total Top 20 Holders</b>	<b>1,451,207,297</b>	<b>70.54</b>
<b>Total Remaining Holders Balance</b>	<b>605,735,352</b>	<b>29.46</b>
<b>Total Shares</b>	<b>2,056,942,649</b>	<b>100.00</b>

Source: Management

The top 20 shareholders hold approximately 70% of the total shares of Spicers, which results in Spicers shares being relatively illiquid as highlighted further in Section 3.9 below.

### 3.7 Options and Performance Rights

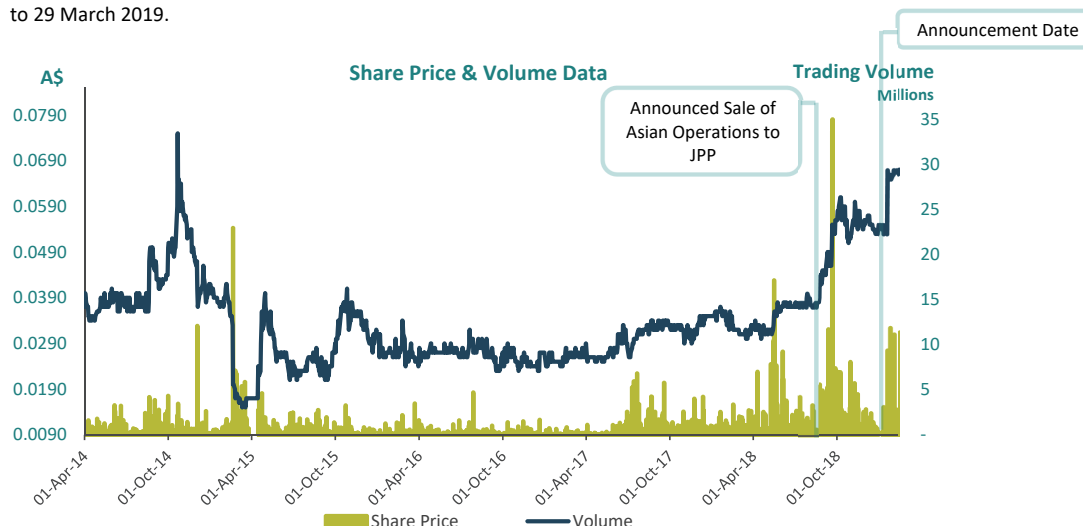
Spicers had 1,039,100 options on issue of which 39,100 were exercisable at the Announcement Date. These options had exercise prices ranging from A\$0.50 to A\$5.13 per option. Spicers provided a notice period of one month to the option holders to exercise all outstanding options in March 2019. These options subsequently expired by 5 April 2019, with none exercised during this period.

Spicers also has 50,200,000 performance rights on issue. Performance rights comprise of 40,200,000 performance rights approved by the Shareholders at the 2017 Annual General Meeting, and 10,000,000 performance rights approved by the Shareholders at the 2018 Annual General Meeting. Vesting of these performance rights originally depended upon meeting share price and employment service conditions under the Spicers performance rights plan. Spicers must cause all outstanding performance rights to vest and be exercised so that they convert to ordinary shares prior to the record date of the Transaction under the terms of the Implementation Agreement. Given the nil exercise price for the rights, these performance rights are expected to convert to ordinary shares as part of the Scheme.

## Background to Spicers

### 3.9 Share Price and Liquidity Analysis

The below illustrates the share price and volume of trades in the Spicers ordinary shares from 1 April 2014 to 29 March 2019.



The share price has steadily increased since the last quarter of 2017, with a significant increase from August 2018 to 29 March 2019. This corresponded with a significant rise in the trading volume since August 2018 subsequent to the announcement in September 2018 regarding the sale of the Asian operations, and the announcement in January 2019 that Spicers had entered into the Implementation Agreement with KPP.

Summarised below are the volumes of trade for the quarter ended 31 March 2015 to the quarter ended 31 December 2018.

#### Volume of Trades – Spicers

	High (\$)	Low (\$)	VWAP(\$)^	Last Price (A\$)	Volume	% Traded*
31-Mar-15	0.04	0.02	0.02	0.02	90,811,514	14%
30-Jun-15	0.04	0.02	0.03	0.03	54,832,080	8%
30-Sep-15	0.03	0.02	0.02	0.03	34,878,314	5%
31-Dec-15	0.04	0.03	0.04	0.03	23,693,604	4%
Total						31%
31-Mar-16	0.03	0.02	0.03	0.03	19,164,504	3%
30-Jun-16	0.03	0.03	0.03	0.03	15,083,856	2%
30-Sep-16	0.03	0.02	0.03	0.03	15,664,155	2%
31-Dec-16	0.03	0.02	0.03	0.03	12,743,370	2%
Total						9%
31-Mar-17	0.03	0.02	0.03	0.03	8,657,897	0%
30-Jun-17	0.03	0.03	0.03	0.03	20,925,429	1%
30-Sep-17	0.03	0.03	0.03	0.03	86,865,495	4%
31-Dec-17	0.04	0.03	0.03	0.04	53,516,868	3%
Total						8%
31-Mar-18	0.04	0.03	0.03	0.03	42,895,304	2%
30-Jun-18	0.04	0.03	0.04	0.04	137,435,121	7%
30-Sep-18	0.06	0.04	0.05	0.06	184,546,479	9%
31-Dec-18	0.06	0.05	0.06	0.06	99,922,663	5%
Total						23%

Source: Capital IQ

\*Number of shares outstanding up to 31 December 2016 was 665.2 million and 2,096 million thereafter.

^Volume weighted average share price

The above table demonstrates that Spicers stock has been relatively thinly traded on the ASX over the course of the four years to 31 December 2018.



### 3.10 Financial Performance

Summarised below is the historical income statement of Spicers for the three years ended 30 June 2018 and for the six months ended 31 December 2018.

#### Income Statement

	FY16 A\$ million	FY17 A\$ million	FY18 A\$ million	1HFY19 A\$ million
Revenue	392.7	380.7	384.0	158.6
Cost of Sales	312.8	303.1	305.5	122.2
Gross profit	<b>79.9</b>	<b>77.6</b>	<b>78.5</b>	<b>36.4</b>
Gross margin %	20.3%	20.4%	20.4%	23.0%
Other Operating Revenue	1.9	1.2	0.7	0.4
Expenses:				
Personnel Costs	40.6	40.3	39.7	15.6
Logistics and Distribution	22.9	22.2	21.5	10.0
Sales and Marketing	1.6	1.5	1.2	0.7
Other Expenses	12.6	11.9	10.9	3.5
Total Expenses	<b>77.7</b>	<b>75.9</b>	<b>73.3</b>	<b>29.8</b>
Earnings Before Interest & Tax (EBIT)	<b>4.1</b>	<b>2.9</b>	<b>5.9</b>	<b>7.0</b>
EBIT %	1.0%	0.8%	1.5%	4.4%
Net Interest Expense	0.9	0.4	0.1	-
Profit Before Tax (PBT)	<b>3.2</b>	<b>2.5</b>	<b>5.8</b>	<b>7.0</b>
Tax Expense	1.7	2.1	2.2	1.1
Profit from Continuing Operations	<b>1.5</b>	<b>0.4</b>	<b>3.6</b>	<b>5.9</b>
Profit/(Loss) from Discontinued Operations	3.8	1.3	(0.1)	(12.6)
Net Profit/(Loss) After Tax (NPAT)	<b>5.3</b>	<b>1.7</b>	<b>3.5</b>	<b>(6.7)</b>

Source: Management and Audited Accounts

#### Revenue

The FY16 to FY18 continuing operations referred to above reflect the Australian, New Zealand and Asian operations inclusive of corporate head office. 1HFY19 results exclude results of the Asian operations from continuing operations.

Excluding the Asian operations, revenue in FY16 to FY18 was approximately \$309 million, \$303 million and \$297 million respectively. The decline in revenue reflected challenging trading conditions across core print and packaging markets in Australia and New Zealand as discussed in Section 3.2 above.

Revenue from continuing operations (Australia and New Zealand only) increased by approximately 5% in 1HFY19 compared to 1HFY18 driven mainly by 8.5% revenue growth in the Print and Packaging category, which reversed the long-term trend of declining revenue. The growth reflected the following:

- new customer wins via stronger market engagement;
- the merger of two major competitors, B.J. Ball and K.W. Doggett in April 2017, establishing Ball & Doggett Group Pty Ltd (Ball & Doggett). Following the merger, the print and packaging revenue improved due to customers seeking to diversify suppliers; and
- continued focus on a reduced number of product SKUs.

Sign & Display revenue from Australia and New Zealand was 5.3% lower in 1HFY19 compared to 1HFY18 in challenging market conditions, with some major customers reducing spending during the period.

## Background to Spicers

### Gross Margin

Gross margin has been relatively stable over the financial period at approximately 20%. Due to the seasonal nature of demand during the December holiday period, gross margin is generally higher in the first half of the financial year. Maintaining gross margins is a key focus for the Company, particularly for print and packaging, with a proportion of the remuneration of sales staff tied to gross margin performance.

### Expenses

Total expenses have declined steadily over the financial periods from A\$78 million in FY16 to A\$73 million in FY18. This trend continued in the 1H FY19 period with total expenses declining by approximately 10% in FY18 compared to the corresponding period (excluding Asia). This is in line with the Company's recent focus on cost control and operational efficiencies. We understand that most cost reductions relate to labour, IT and travel expenses achieved through organisational restructuring of Australian operations.

A loss after tax on discontinued operations of A\$12.5 million was recorded in 1H FY19. This primarily represents a loss on the sale of Spicers' Asian Operations of A\$15.2 million, offset in part by a gain of A\$1.9 million relating to the Netherlands Holdings bankruptcy trustees settlement. The settlement agreement primarily relates to legacy loan obligations between entities within the Spicers group and PaperlinX Netherlands Holdings B.V. Further details are provided in the Spicers ASX Announcement on 12 November 2018 'Settlement with the Netherlands Holdings Bankruptcy Trustees'.

### 3.11 Adjusted Earnings from Continuing Operations

A number of one-off or abnormal items have been identified, with the normalised earnings presented below.

#### Adjusted EBIT from Continuing Operations

	FY16 A\$ million	FY17 A\$ million	FY18 A\$ million	1H FY19 A\$ million
Reported Total Revenue	392.7	380.7	384.0	158.6
Revenue from Asia	83.9	78.0	86.7	-
<b>Adjusted Revenue</b>	<b>308.8</b>	<b>302.7</b>	<b>297.3</b>	<b>158.6</b>
<b>Reported EBIT</b>	<b>4.1</b>	<b>2.8</b>	<b>5.9</b>	<b>7.0</b>
<b>Abnormal Costs:</b>				
Restructuring Costs	0.3	1.8	2.0	-
Loss on Cladding Project <sup>1</sup>	-	-	2.3	-
Bad Debts	-	-	0.5	-
One-off Transaction Costs	-	-	0.3	-
EBIT from Asian Operations	(1.4)	(1.6)	(2.2)	-
<b>Adjusted EBIT from Continuing Operations</b>	<b>3.0</b>	<b>3.0</b>	<b>8.8</b>	<b>7.0</b>
<b>Adjusted EBIT Margin</b>	<b>1.0%</b>	<b>1.0%</b>	<b>3.0%</b>	<b>4.4%</b>

Source: Financial Statements and Management Accounts

<sup>1</sup> including warranty provisions

Details of the above adjustments are as follows:

- **Restructuring costs** – these comprise:
  - FY18 - \$1.8 million due to redundancies in the Australian operations including corporate head office and \$0.2 million due to site relocation costs in New Zealand;
  - FY17 - redundancies in Australian operations and corporate head office of \$1.0 million, warehouse relocation costs in New Zealand of NZ \$0.6 million and property consulting costs of \$0.2 million; and
  - FY16 - property consulting costs of \$0.3 million, redundancy costs of \$0.5 million and reversal of redundancy provision of \$0.5 million.

### Background to Spicers

- **Loss on cladding project** – Spicers incurred an operating loss in relation to a building cladding project in FY18. This is a non-recurring loss as Spicers no longer undertakes building cladding projects;
- **Bad debts** – relates to a customer who had traded with the Company above the insured limit. Spicers subsequently conducted a review of its credit policy and tightened risk management practices to minimise the potential for such events to occur in future;
- **One-off transaction costs** – reflects transaction costs incurred in relation to the sale of the Asian business in FY18;
- **EBIT from Asian Operations** – the results of the Asian operations were included under continuing operations in the financial statements for the period from FY16 to FY18. We have deducted revenue and EBIT relating to Asian operations for this period to present the adjusted earnings from current continuing Australian and New Zealand operations only.

Despite declining revenue, the Company has sustained and increased normalised EBIT primarily due to the restructuring of the business and diversification of products away from commercial printing products towards the more profitable sign and display market.

## Background to Spicers

## 3.12 Financial Position

Summarised below is the balance sheet of Spicers for the three years to 30 June 2018, as at 31 December 2018 and a pro-forma balance sheet at 30 June 2019:

	30 Jun 16 A\$ million	30 Jun 17 A\$ million	30 Jun 18 A\$ million	31 Dec 18 A\$ million	30 Jun 19 A\$ million
<b>Current Assets</b>					
Cash and Cash Equivalents	31.6	29.9	41.1	41.2	57.6
Short-term deposits	4.0	4.0	4.0	1.7	1.7
Trade and Other Receivables	76.1	74.3	74.0	70.2	57.2
Inventories	74.9	87.6	78.9	68.0	66.0
<b>Total Current Assets</b>	<b>186.6</b>	<b>195.8</b>	<b>198.0</b>	<b>181.1</b>	<b>182.5</b>
<b>Non-current Assets</b>					
Property, Plant & Equipment	9.5	8.8	9.0	5.5	5.1
Deferred Tax Assets	0.5	0.6	0.6	0.4	0.4
Receivables	0.9	0.1	-	-	-
Intangibles	28.4	28.2	27.8	28.8	27.7
<b>Total Non-current Assets</b>	<b>39.3</b>	<b>37.7</b>	<b>37.4</b>	<b>34.7</b>	<b>33.2</b>
<b>Total Assets</b>	<b>225.9</b>	<b>233.5</b>	<b>235.4</b>	<b>215.8</b>	<b>215.7</b>
<b>Current Liabilities</b>					
Trade and Other Payables	64.6	84.9	87.9	55.3	58.8
Loan and Borrowings	4.9	2.1	-	4.2	-
Employee Benefits	7.8	7.7	6.6	5.6	5.7
Provisions	5.3	1.5	2.0	0.6	0.3
Income Tax Payable	2.9	2.9	1.5	1.4	1.7
<b>Total Current Liabilities</b>	<b>85.5</b>	<b>99.1</b>	<b>98.0</b>	<b>67.1</b>	<b>66.5</b>
<b>Non-current Liabilities</b>					
Employee Benefits	0.6	0.5	0.4	0.3	0.3
Deferred Tax Liabilities	0.1	-	0.1	0.1	0.1
<b>Total Non-current Liabilities</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>
<b>Total Liabilities</b>	<b>86.2</b>	<b>99.6</b>	<b>98.5</b>	<b>67.5</b>	<b>66.9</b>
<b>Net Assets</b>	<b>139.7</b>	<b>133.9</b>	<b>136.9</b>	<b>148.3</b>	<b>148.8</b>

Source: Audited Financial Statements, Interim Financial Report at 31 December 2018 and Management Forecasts for 30 June 2019

Spicers' pro-forma balance sheet as at 30 June 2019 represents the net assets of the continuing businesses, corporate office and capital distribution from the sale of the Asian operations. The historical balance sheets for prior periods included assets and liabilities of the now discontinued operations and therefore are not on a like for like basis.

The pro-forma balance sheet as at 30 June 2019 is based on forecasts provided by Management as at February 2019, and includes expected earnings and working capital movements for the financial period, and the expected proceeds from asset and business sales for FY19.

## Cash and Capital Return

The forecast change in cash balance from 31 December 2018 to 30 June 2019 primarily represents the receipt of net proceeds from the sale of the Burnie and Wesley Vale properties of \$4.4 million and proceeds of approximately A\$10.0 million expected from the sale of the Singapore property. The 31 December 2018 balance includes proceeds already received from the sale of Spicers Asian operations.

The forecast cash balance as at 30 June 2019 is consistent with the proposed capital return of \$57.6 million comprised as follows:

Capital Return Components	A\$
Asian operations sale proceeds net of transaction costs (million)	22.2
Expected proceeds from sale of surplus property net of transaction costs (million)	14.4
Expected surplus 'net cash' balance (less liabilities and transaction costs) (million)	21.0
<b>Total (million)</b>	<b>57.6</b>

Source: Management

Further details regarding each component of the Capital Return are as follows:

- Asian operations sales proceeds:** On 26 September 2018 Spicers announced that it had entered into an agreement to sell its Asian operations to JPP for an enterprise value of SGD 15 million (approximately A\$15.1 million<sup>1</sup>). The Asian operations consist of Spicers Paper (Malaysia) Sdn Bhd and Spicers Paper (Singapore) Pte Ltd which also operates a representative office in Vietnam. Spicers announced that the Competition and Consumer Commission of Singapore approved the sale of the Asian operations on 27 November 2018. The sale agreement between JPP and Spicers also allows for Spicers to retain the net cash balance in the Asian operations on completion of the transaction. Spicers retained a net cash balance of SGD 7.6 million (approximately A\$7.7 million<sup>1</sup>) which will be distributed to Shareholders as part of the Capital Return. Transaction costs were approximately A\$0.6 million. Therefore, the total contribution of the Asian operations sale to the Capital Return is estimated at A\$22.2 million.
- Expected proceeds from sale of surplus property:** Spicers has three property sale agreements in place for two properties in Tasmania and one property in Singapore. Sale agreements for both of the properties in Tasmania settled in March 2019. It is anticipated that the property sale in Singapore will be completed and sale proceeds will be received prior to the Implementation Date (as defined in the Implementation Agreement). Details of the property transactions are summarised below:

Property	Settlement Date	Sales Proceeds A\$ million
3 Gul Crescent Singapore 629519	June 2019	10.0 <sup>2</sup>
7-15 Reeves Street South Burnie Tasmania	29-Mar-2019	2.7
226 Mill Road Wesley Vale Tasmania	28-Mar-2019	1.7
<b>Total Sales Proceeds</b>		<b>14.4</b>

Source: Management

Spicers expects the Singapore property sale to complete in June 2019. Spicers is expected to receive net proceeds from the sale of approximately SGD 9.9 million. The agreement for the sale of this property is subject to satisfaction of certain conditions including the following:

- approval for the sale and change of use of the property by the Jurong Town Corporation (JTC) which is currently expected in mid-April 2019; and
- final approval from the ultimate parent company of the property buyer following approval being granted by JTC.

Spicers received the sales proceeds in relation to both properties in Tasmania following settlement of the sale contracts in March 2019. Spicers has advised that no tax liabilities will arise for the Company in relation to these property sales.

<sup>1</sup> Based on the December 2018 forward foreign exchange contract at A\$:SGD of 1.01.

<sup>2</sup> Based on an expected A\$:SGD exchange rate of 1.01.

### Background to Spicers

- **Surplus Cash:** The estimate of the expected excess net cash amount as at 30 June 2019 is comprised of several components as follows:

	A\$ million
<b>Estimated Spicers Cash Balance of Australia and New Zealand Operations</b>	<b>23.8</b>
Excess cash repatriated to Australia from Spicers Holdings (Asia)	4.0
<b>Aggregate Cash</b>	<b>27.8</b>
Less: Transaction Costs	(5.0)
Less: Workers Compensation Liabilities	(1.1)
Less: Directors Additional Remuneration	(0.7)
<b>Excess Net Cash Amount</b>	<b>21.0</b>

Source: Clauses 4.3 and 5.0 of Implementation Agreement, Management

Further details of each of these components are as follows:

- Estimated Spicers ANZ cash balance – this represents the estimated net cash balance from the Spicers Australia and New Zealand business continuing operations expected as at 30 June 2019, based on a business-wide forecast process completed in November 2018, subsequently updated in February 2019;
- Excess cash repatriated to Australia by Spicers Holdings (Asia) Pte. Ltd – this consists of the following:

	A\$ million
Repayment of intercompany loan in February 2019	3.8
Residual cash balance to be repatriated	0.2
Excess cash repatriated to Australia from Spicers Holdings (Asia)	4.0

- Transaction Costs – these represent the estimated costs associated with the Transaction, including financial advisor and legal fees, independent expert fees, tax advisor fees, and other related costs. This estimate also includes estimated Directors and Officers insurance 'run-off' premiums and any expected financial debt payout costs;
- Workers Compensation Liabilities – this represents the estimated actuarial liability as at 30 June 2019 for workers compensation 'self-insurance' in Spicers' Victorian operations including any pre-2009 paper manufacturing operations related liabilities, as well as liabilities in relation to the Tasmanian paper manufacturing operations; and
- Directors Additional Remuneration – this represents additional remuneration that the Spicers Board has recommended to be awarded conditional on the Scheme becoming effective to Non-Executive Directors as disclosed in the Explanatory Booklet for the Scheme.

### Other Assets and Liabilities

The expected changes in other asset and liability balances to 30 June 2019 primarily relate to the sale of the Asian operations and property assets, particularly the receivables balance which will reduce once the proceeds of the property sales are received.

## 4. Valuation Methodology

### 4.1 Valuation Approach

RG 111.69 states that it is generally appropriate for an expert to consider using the following methodologies:

- the capitalisation of future maintainable earnings;
- the discounted cash flow method (DCF);
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale; and
- any recent genuine offers received by the company for any business units or assets as a basis for valuation of those business units or assets.

#### Capitalisation of Future Maintainable Earnings

The capitalisation of future maintainable earnings methodology involves capitalising the estimated future maintainable earnings at an appropriate multiple. The multiple, which is the reciprocal of the capitalisation rate, represents the return on investment that would be required by a reasonable, prudent investor in this type of business and reflects the risks and opportunities inherent in the business. The earnings multiple is applied to the future maintainable earnings.

Most commonly businesses are valued by reference to EBIT or EBITDA as such results are not affected by differing interest and taxation expenses, and in the latter depreciation, which can vary from investor to investor as a result of factors which do not relate to the nature of the business.

The selection of multiple is undertaken by reviewing either mergers and acquisition data and/or listed guideline company data.

In using the mergers and acquisition data, a review is undertaken of recent transactions of comparable businesses from which the implied earnings multiples are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived are generally based on an analysis of recent trades of entire companies and therefore reflect value for 100% of the business.

In using guideline company data, a portfolio of public companies is selected based on comparability of the subject company from which valuation multiples and other analytics are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived for guideline companies are based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect multiples reflective of the prices at which portfolio interests change hands. The multiples may also be impacted by the level of liquidity in the particular stock.

#### Discounted Cash Flow

The DCF methodology has regard to the expected future economic benefits discounted to present value. This is considered appropriate where a forecast of future cash flows can be made with a reasonable degree of certainty. This approach is particularly relevant to the valuation of a business in its early growth stage but is equally applicable to any business with expectations of significant growth or with volatility in cash flows.

In undertaking the discounted cash flow methodology regard is generally had to:

- the projected future cash flows;
- an appropriate discount rate; and
- the perpetuity or terminal value, if any.

## Valuation Methodology

### Asset Based Approach

The asset based approach determines the value of the equity having regard to the market value of the underlying assets and liabilities. This approach includes the following methodologies:

- going concern method;
- orderly realisation method; and
- liquidation method.

Under a going concern method, the value is derived by assessing the market value of every asset and liability on a going concern basis, including intangible assets if appropriate. A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (eg. real estate, holding or non operating entities).

The orderly realisation method has regard to the amount that would be distributed to equity holders on the assumption that the entity would be wound up with the funds realised from the sale of its assets, after payment of all liabilities including realisation costs and taxes.

The liquidation method is based on the same principles except that in the orderly realisation method, the assets are realised in an orderly manner, whereas, the liquidation method assumes that the assets are sold within a shorter time frame and/or under duress.

### Quoted Price

This approach looks at the value of the company having regard to the trades in the subject entity's own equity. There is no premium for control incorporated within such pricing and the pricing may also be impacted by the level of liquidity in the particular stock. Where the shares are illiquid, this is not considered an appropriate valuation methodology.

### Recent Genuine Offers

Any recent genuine offers received by the company for any business units or assets may be used as a basis for valuation of those business units or assets or for assessing implied multiples which may be utilised when undertaking the capitalisation of future maintainable earnings approach.

## 4.2 Selection of Approach & Methodology

In valuing Spicers we have adopted the capitalisation of future maintainable earnings methodology as the primary valuation approach. We have also utilised an asset based approach on a going concern basis as a test of reasonableness. In adopting this approach we had regard to the following:

- The discounted cash flow methodology has regard to projected future cash flows. Projected cash flows have been prepared by the Company for parts of the business for financial reporting purposes and in particular to satisfy impairment testing. Projected cash flows for the whole of the business however have not been produced. Further, there is no broker coverage with corresponding forecasts contained therein for us to utilise.
- The quoted price approach is not considered appropriate given the low level of liquidity over the course of the last few years. Trading volume increased during the last year to 23% of outstanding shares from less than 10% in 2017 and 2016, in response to the announcement of sale of Asian operations and the Transaction.
- The capitalisation of future maintainable earnings methodology requires us to determine an appropriate income stream to value at a multiple to reflect the risk and opportunities of the business. The Company has demonstrated sustained and improving profitability over the past three years, following the restructuring of the business and diversification of products, which allows for a maintainable earnings to be assessed. There are also a number of identifiable comparable listed companies and transactions to enable an appropriate earnings multiple to be determined.
- Notwithstanding the increased profitability of Spicers, we have also used an asset based approach in order to test the reasonableness of the results of the capitalisation of future maintainable earnings methodology.
- We are not aware of any other recent genuine offers that have been received by the Company for the whole business, thus this approach has not been considered.



## 5. Value of Spicers Shares

### 5.1 Approach

In determining the value of Spicers ordinary shares, we have utilised the capitalisation of future maintainable earnings approach as the primary methodology, and an asset based approach on a going concern basis as a test of reasonableness, as previously defined.

In utilising the capitalisation of future maintainable earnings approach, we have adopted the following process:

- estimated future maintainable earnings;
- determined an appropriate multiple;
- concluded as to the enterprise value;
- adjusted for surplus assets and debt to derive the equity value; and
- divided the equity value by the number of ordinary shares on a fully diluted basis to derive the value of each ordinary share on a fully diluted basis.

We have assessed the value of Spicers equity inclusive of surplus assets and liabilities, which includes the Capital Return, to allow for a clear comparison between the value of Spicers ordinary shares on a fully diluted basis and the total Consideration.

### 5.2 Future Maintainable Earnings

Summarised below are the revenue and adjusted earnings for the three years ended 30 June 2018 and first six months ended FY19 (refer to Section 3.11).

#### Adjusted EBIT from Continuing Operations

	FY16 A\$ million	FY17 A\$ million	FY18 A\$ million	1H FY19 A\$ million
Adjusted Revenue	308.8	302.7	297.3	158.6
<b>Adjusted EBIT</b>	<b>3.0</b>	<b>3.1</b>	<b>8.8</b>	<b>7.0</b>
<i>Adjusted EBIT Margin</i>	<i>1.0%</i>	<i>1.0%</i>	<i>3.0%</i>	<i>4.4%</i>

Source: Financial Statements, Management Accounts, Pitcher Partners analysis

Adjusted EBIT has increased significantly during the financial periods from A\$3.0 million to A\$8.8 million. The improved EBIT margin reflects the recent focus on cost control and operational efficiencies. Part of the improvement in EBIT margin in 1H FY19 is due to the seasonal impact on gross margin.

In light of the revenue growth in 1H FY19 and reduced cost base, future maintainable earnings are likely to be higher than historical earnings. Spicers does not release any guidance on forecast revenue or EBIT performance to the market. No other publicly available forecasts of financial performance such as broker forecasts were available.

Having regard to the above, we estimated the future maintainable earnings based on the following:

- Revenue in the first half of FY18 excluding Asian operations was approximately 51.0% of full year revenue. Spicers reported revenue of A\$158.6 million excluding revenue from Asian operations in first half FY19. Based on the foregoing we have assumed revenue of approximately \$311 million.
- Gross margin in each of the last three financial years has been consistent at 20.4%. Excluding the Asian operations, the average gross margin was 22.9%. The gross margin excluding Asian operations was 23.0% in 1H FY19 compared to 23.6% in 1H FY18. Further, we note that gross margin in the first half of the year is higher than the second half of the year as noted in Section 3.10 above. In light of these observations, we have adopted a gross margin range of 22.5% to 23% to estimate the future maintainable earnings.
- Operating expenses in 1H FY19 were A\$29.8 million inclusive of depreciation. Annualised 1H FY19 operating expenses is considered to be a better estimate of maintainable operating expenses due to the recent operating cost reductions. We have therefore assumed operating expenses of \$59.6 million.
- Depreciation and amortisation for FY18 was A\$1.0 million excluding Asian operations.

### Value of Spicers Shares

Having regard to the above, we have assessed the future maintainable EBITDA for Spicers to be in the range of A\$11.4 million to A\$12.9 million (equivalent to EBIT of between A\$10.4 million and A\$11.9 million).

### 5.3 Multiple

In determining an appropriate multiple, we have considered the following:

- multiples at which comparable listed companies are trading;
- multiples of businesses and operations which Spicers has divested during the last five years;
- implied multiples for acquisition of companies that operate in a similar industry to that of Spicers; and
- other business specific factors.

### Benchmark Listed Companies

Spicers is a wholesale distributor and provider of services to customers in the commercial print, sign & display and packaging industries. Print and packaging distribution is Spicers' core product group and represented 75% of its revenue in FY18, with 25% of the remaining revenue in FY18 generated by the sign & display category.

We undertook a search on Capital IQ for listed companies whose operations primarily involve the distribution of paper, packaging and graphic supply industry. However, there are no Australian listed companies directly comparable to Spicers based on operations, geographical coverage and size. Therefore, we extended our search as follows:

- we included companies that operate outside of Australia, but generate the majority of their revenue through distribution of paper products; and
- whilst representing a smaller part of the Spicers operations, we also included both Australian and international listed companies that engage in general packaging product wholesaling.

This historical and forecast FY19 earnings multiples of the identified companies are summarised below. Detailed descriptions of these companies are provided in Appendix 3.

		A\$ millions	EBITDA Multiple		EBIT Multiple	
Company	Country	Enterprise Value	LTM	Forecast	LTM	Forecast
<u>Paper Wholesaling</u>						
JPP	Japan	2,314	9.4x	NA	15.0x	14.6x
KPP	Japan	855	23.3x	NA	27.4x	NA
Samson Paper Holdings Ltd <sup>1</sup>	Hong Kong	516	11.3x	NA	15.7x	NA
Antalis Société Anonyme	France	585	3.7x	4.9x	6.8x	6.5x
Domtar Corporation	USA	5,458	5.4x	4.9x	9.4x	7.9x
Average <sup>2</sup>		2,218	7.5x	4.9x	11.7x	9.7x
Median <sup>2</sup>		1,450	7.4x	4.9x	12.2x	7.9x
<u>Packaging Wholesaling</u>						
Orora Limited	Australia	4,525	9.9x	9.3x	13.5x	12.9x
Amcor Limited	Australia	23,526	13.2x	11.3x	18.0x	14.9x
Pro-Pac Packaging Limited	Australia	212	8.8x	6.8x	13.1x	NA
Graphic Packaging Holdings	USA	10,468	8.0x	7.4x	15.1x	13.1x
Intertape Polymer Group	Canada	1,864	9.6x	7.8x	14.3x	11.4x
Average		8,119	9.9x	8.5x	14.8x	13.1x
Median		4,525	9.6x	7.8x	14.3x	13.0x

Source: Extracted from Capital IQ on 5 April 2019, Pitcher Partners analysis

<sup>1</sup> This entity owns significant amount of investment properties. Therefore, the earnings includes fair value gains on investment properties and lease income from those properties.

<sup>2</sup> Excludes KPP

We note the following regarding the trading multiples:

- The average and median LTM EBITDA multiples for the observed paper wholesaling benchmark listed companies are 7.5x and 7.4x respectively;
- The average and median LTM EBITDA multiples for the observed packaging product wholesaling industry are 9.9x and 9.6x, respectively;
- We note the following in relation to listed paper products wholesaling companies:
  - JPP generates approximately 90% of its revenue through paper wholesaling. JPP has sales offices in Europe, Americas, Asia and Oceania regions. Further, JPP generates approximately 10% of its revenue from manufacturing operations. Consensus broker forecast EBIT growth for the three years to FY21 is a compound annual growth rate (CAGR) of 13%;
  - KPP generates almost all of its sales through the wholesale of pulp and paper products. KPP operates in Japan, Southeast Asia, Australia, North America, and internationally. Revenue and EBITDA of KPP increased by 7% and 84% respectively in FY18, with the significant increase in earnings primarily relating to the revenue growth and relatively fixed operating costs;
  - Hong Kong based Samson Paper Holdings Limited (Samson Paper) generates approximately 75% or revenue from paper product sales, similar to Spicers, with approximately 22% of revenue from paper manufacturing in FY18. Revenue and EBITDA of Samson Paper increased by 9% and 4% respectively in FY18. Samson Paper owned investment properties of A\$ 122.5 million at 30 September 2018. Sufficient data to calculate the implied earnings multiples excluding the properties investment and development operations was not available but is likely to result in a reduced multiple;
  - Antalis Société Anonyme (Antalis) generates approximately 70% of revenue from wholesale distribution of paper products, with packaging and sign & display contributing 20% and 10% respectively. It has offices in 43 countries including the Asia Pacific region, with its European operations contributing approximately 90% of revenue. The company's revenue growth was -8%, 2% and 3% in financial years to 31 December 2016, 31 December 2017 and 31 December 2018 respectively. Implied consensus broker forecast EBITDA and EBIT growth for the next two years to CY20 are CAGRs of -12% and 5% respectively;
  - Domtar Corporation (Domtar) is significantly larger than Spicers, being one of the largest integrated manufacturers and marketers of uncoated freesheet paper in North America, however it derives approximately 80% of its revenue from the paper and pulp industry primarily through paper manufacturing. Consensus analyst forecasts indicate that EBITDA is expected to increase by 9% in FY19. Domtar's FY18 annual report states that paper shipments are expected to increase in 2019 due to increased demand following announcements of industry capacity closures. We also note that consensus implied EBITDA growth rates for FY20 and FY21 are -5% and -14% respectively; and
  - The earnings multiples of both Antalis and Domtar are lower than the remaining three benchmark listed companies, which operate primarily in Asia. The earnings growth forecasts for both of these companies are also negative or nil.
- Implied EBITDA multiples of the packaging wholesaling companies listed above are on average higher than paper product wholesalers. We note that two of these companies are significantly larger than the benchmark listed paper product wholesale companies. Packaging products contributes approximately 15% to Spicers revenue, therefore, we have placed limited reliance on the earnings multiples of these companies.

### Value of Spicers Shares

#### Transaction Multiples - Internal

Spicers has divested and acquired a number of operations during the last five years. The implied earnings multiples from these transactions are summarised below.

Company / Operations	Acquirer	Date Announced	Target Country	Enterprise Value A\$ Million	Historical EBITDA Multiple	Historical EBIT Multiple
Total Supply Limited	PaperlinX (NZ)	1-Sep-14	New Zealand	4.0	4.2x	4.5x
Spicers Canada	Central National-Gottesman Inc	2-Feb-15	Canada	64.6	3.7x	4.1x
PaperlinX Denmark	Antalis International	2-Jun-15	Denmark	14.0	4.5x	5.6x
Spicers Asia	Japan Pulp and Paper	26-Sep-18	Singapore Malaysia	15.0	6.0x	6.5x
<b>Average</b>				<b>24.4</b>	<b>4.6x</b>	<b>5.2x</b>
<b>Median</b>				<b>14.5</b>	<b>4.4x</b>	<b>5.1x</b>

Source: Management, Pitcher Partners analysis

Our observations in relation to the above transactions are as follows:

- Total Supply Limited operates as a trade supplier of solutions for sign making, digital printing and speciality graphics industries in New Zealand. These products represent approximately 20% of Spicers revenue;
- Spicers Canada Limited distributes fine paper, graphic art, sign and display media, and industrial packaging products and equipment in Canada;
- the operations in Denmark and Asia predominantly relate to wholesale distribution of paper and packaging products; and
- whilst the activities of these companies are broadly similar to current activities of Spicers, they are generally smaller than the existing operations of Spicers.

#### Transaction Multiples - External

We also undertook a search on Capital IQ and the Internet for acquisition of companies that operate in a similar industry to that of Spicers. The relevant transactions identified and implied earnings multiples are summarised in the table below. Further details regarding these transactions are provided in Appendix 4.

Company	Date Announced	Target Country	Enterprise Value A\$ Million	Historical EBITDA Multiple	Historical EBIT Multiple	Forecast EBITDA Multiple	Forecast EBIT Multiple
Colopak Limited	11-Jan-16	Australia	93	7.3x	11.9x	6.6x	9.8x
IntegraColor LLC	1-Mar-16	USA	107	6.9x	NA	NA	NA
Alusa S.A.	18-Apr-16	Chile	561	8.5x	NA	NA	NA
Ball & Doggett Group Pty Ltd	12-Apr-17	Australia	202	8.5x	9.3x	NA	NA
Integrated Packaging Group Pty Ltd	11-Sep-17	Australia	178	9.8x	11.8x	8.4x	9.8x
Graham Packaging Guangzhou Co Ltd	15-Nov-17	China	142	7.5x	11.3x	NA	NA
<b>Average</b>			<b>213.8</b>	<b>8.1x</b>	<b>11.1x</b>	<b>7.5x</b>	<b>9.8x</b>
<b>Median</b>			<b>160.0</b>	<b>8.0x</b>	<b>11.6x</b>	<b>7.5x</b>	<b>9.8x</b>

Source: Capital IQ, Pitcher Partners analysis

## Value of Spicers Shares

Our observations in relation to the above transactions are as follows:

- there are only a limited number of comparable transactions in relation to paper product distributors with publicly available data to estimate multiples, therefore we extended our analysis to include transactions in relation to packaging product companies;
- the average historic EBITDA and EBIT multiples are 8.1x and 11.1x respectively. The forecast EBITDA multiples are approximately 10% lower than the historical EBITDA multiples of the respective companies;
- most of the transactions listed above are of similar size to Spicers; and
- while Ball & Doggett is the most comparable transaction to Spicers in terms of operations and geography, Ball & Doggett is larger than Spicers with a more dominant market position in Australia. We note that the consolidated earnings of Ball & Doggett utilised to determine the implied earnings multiples do not include operating activities of the New Zealand based subsidiary, Pagepack (NZ) Limited during the three months period from 1 April 2017 to 30 June 2017, with this information unavailable. This entity contributes approximately 30% of the revenue of Ball & Doggett, and therefore may impact the derived multiples, however any impact is expected to be relatively small given this represents a three month period.

Earnings multiples in relation to privately held companies reflect the expected revenue and cost synergies. Implied multiples excluding the impact of synergies would be lower.

### 5.4 Selection of the Multiple

In addition to the benchmark multiples above, we have also considered the following factors in determining the appropriate earnings multiple for valuation purposes:

- long-term decline in paper and print industry;
- size and geographical presence of the Company relative to guideline listed companies and transactions;
- recent improvement in revenue growth and profitability achieved by Spicers; and
- diversification of the business to sign & display and other diversified product categories.

Having regard to the above, we have adopted a forecast EBITDA multiple range of 7.25 times to 7.75 times on a control basis.

### 5.5 Enterprise Value

Based on the above, we have derived a value for the Spicers business as follows:

#### Valuation of Business

	Low A\$ million	High A\$ million
Estimated future maintainable EBITDA	11.4	12.9
Forecast EBITDA multiple	7.25x	7.75x
Enterprise value	82.4	100.2
Estimated future maintainable EBIT	10.4	11.9
Implied Forecast EBIT multiple	7.9x	8.4x

Source: Pitcher Partners

### 5.6 Surplus Assets

To arrive at the equity value of Spicers it is necessary to assess the surplus assets and net debt. As at 30 June 2019, shortly before the proposed Transaction date, the only surplus assets will be the estimated cash balance of A\$57.6 million (refer to Section 3.12).

## Value of Spicers Shares

## 5.7 Value of Equity &amp; Ordinary Shares

Based on the above, we have derived a value for the equity and the ordinary shares in Spicers as follows:

## Valuation of Equity

	Low A\$ million	High A\$ million
Enterprise Value	82.4	100.2
Add Surplus Assets	57.6	57.6
Equity Value	140.0	157.8
Number of Ordinary Shares on a Fully Diluted Basis	2,107	2,107
Equity Value per Ordinary Share (A\$)	0.066	0.075

Source: Pitcher Partners

## 5.8 Test of Reasonableness - Asset Based Approach

In order to test the reasonableness of the valuation derived using the capitalisation of maintainable earnings approach, we have also considered the value of Spicers on an asset basis.

We have been advised that the book values of all assets and liabilities are representative of market value, with the only major tangible assets being cash and working capital.

The intangible asset balance of A\$27.7 million has been tested for impairment each year and as at 31 December 2018. As no impairment has been recorded, the net assets of Spicers should represent a theoretical minimum value for the shares of Spicers.

The pro-forma forecast net assets of Spicers as at 30 June 2019 is A\$148.8 million. We have compared this to the value derived utilising the capitalisation of maintainable earnings methodology as follows:

## Valuation of equity - Asset based approach

	Low A\$ million	High A\$ million
Proforma Net Assets at 30 June 2019	148.8	148.8
Equity Value (refer Section 5.7)	140.0	157.8
Premium/(Discount) to Net Assets	-6%	6%

Source: Pitcher Partners

Notwithstanding that the low end of the equity value range falls below the net assets, we consider it reasonable to adopt the equity value derived utilising a capitalisation of future maintainable earnings on the basis that:

- the net assets reflects an estimate as at 30 June 2019, actual results may be different; and
- the variation of plus/minus 6% is in our opinion a reasonable range.

## 5.9 Adopted Valuation Range

Having regard to the above, our opinion on the valuation range for Spicers is as follows:

	Low A\$ million	High A\$ million
Adopted Equity Valuation	140.0	157.8
Number of Ordinary Shares on a Fully Diluted Basis	2,107	2,107
Equity Value per Ordinary Share (A\$)	0.066	0.075

## 6. Assessment of Scheme

### 6.1 Approach

To assess whether the Scheme is fair, we have compared the Scheme Consideration and Capital Return to the estimated value of the ordinary shares in Spicers.

Under RG111 the Scheme will be considered fair to Shareholders if the value of the offer price or consideration is equal to or greater than the value of the securities which comes under the offer. RG111.11 states that this comparison should be made assuming the following:

- knowledgeable and willing, but not anxious, buyer and a seller acting at arm's length;
- assuming 100% ownership of the 'target' and irrespective of whether consideration is share based or cash.

In considering whether the Scheme is reasonable, we have considered the advantages and disadvantages to the Shareholders from the Scheme proceeding.

### 6.2 Fairness Assessment

The Consideration offered to Shareholders of Spicers is expected to be A\$0.070 per share which consists of the Scheme Consideration of A\$0.043 per share and an expected Capital Return of A\$0.027 per share. The Scheme will be fair if the consideration offered is greater than the value of Spicers shares pre-transaction on a control basis as explained in Section 6.1 above.

Our analysis of fairness of the Transaction in Section 5 is summarised below:

#### Fairness Assessment

	Low	High
Value of Ordinary Share on a Fully Diluted Basis(A\$)	0.066	0.075
Expected Consideration (A\$)	0.070	0.070

Source: Pitcher Partners Analysis

As the expected Consideration is within the assessed range for the value of the ordinary shares on a fully diluted basis, in our opinion the Scheme is **fair** to the Shareholders.

### 6.3 Assessment of Reasonableness

While ASIC Regulatory Guide 111 Content of Expert Reports provides that an offer which is fair will also be considered reasonable, we have also considered other factors which should be brought to the attention of Shareholders. These comprise the following:

Advantage	Explanation
Premium to recent share price performance	The expected Consideration represents a premium of approximately 30% to the trading levels of Spicers Shares on the ASX prior to the announcement of the Transaction.
Certainty of the return to Shareholders	The Transaction provides the Shareholders with certainty regarding value and timing of cash which removes uncertainty inherent in continued holding of shares of Spicers.
The Transaction creates a feasible exit mechanism for Shareholders given the low liquidity of Shares in the past	Trading volumes of Spicers shares were relatively low in the past prior to the announcement of the Transaction and the sale of the Asian operations. Low liquidity could have made it difficult for the Shareholders to exit their Shareholding at short notice without incurring significant transaction costs in terms of price impact and time costs.
No brokerage fees	Spicers shareholders will not have to pay brokerage fees for the transfer of shares to KPP unlike in a regular transaction through the ASX.
No alternative proposals	No superior proposal has been received by Spicers at the time of this report.



#### Assessment of Scheme

The only potential adverse impact we have identified is that Shareholders will not be able to participate in any future upside potential of the Company once acquired by KPP. We are not aware of any other adverse impact on Shareholders should the Transaction be approved.

After consideration of the above, it is our view that, in the absence of any other information, the Scheme is **reasonable** to the Shareholders as at the date of this report.

#### 6.4 Conclusion

Having regard to the above we are of the opinion that the Scheme is both **Fair and Reasonable**, and therefore in the best interests of Shareholders in the absence of a superior proposal.



## Appendix 1: Glossary of Terms

Term	Description
<b>Announcement Date</b>	17 January 2019
<b>Antalis</b>	Antalis Societe Anonyme
<b>A\$</b>	Australian Dollars
<b>AFSL</b>	Australian Financial Services Licence
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Securities Exchange
<b>Capital Return</b>	Return of capital to shareholders covering distributions in relation to the sale of the Company's Asian operations, sale of properties in Singapore and Tasmania and surplus net cash amounts as at 30 June 2019
<b>Consideration</b>	Base Scheme Consideration, Capital Return and Deferred Consideration
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Deferred Consideration</b>	Amounts that may be payable on a deferred basis
<b>DCF</b>	Discounted Cash Flow
<b>Domtar</b>	Domtar Corporation
<b>EBIT</b>	Earnings Before Interest and Tax
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation
<b>FSG</b>	Financial Services Guide
<b>Implementation Agreement</b>	Scheme Implementation Deed dated 17 January 2019 between Spicers and KPP
<b>JPP</b>	Japan Pulp and Paper Company Limited
<b>JTC</b>	Jurong Town Corporation
<b>KPP</b>	Kokusai Pulp & Paper Co., Ltd.
<b>LTM</b>	Last Twelve Months
<b>Paperlinx</b>	PaperlinX Limited
<b>PAT</b>	Operating Profit After Income Tax
<b>Pitcher Partners Corporate</b>	Pitcher Partners Corporate Pty Ltd
<b>RG</b>	ASIC Regulatory Guide
<b>Samson Paper</b>	Samson Paper Holdings Limited
<b>Scheme</b>	Scheme of arrangement under which KPP is to acquire all the shares in Spicers
<b>Scheme Consideration</b>	Base Scheme Consideration and Deferred Consideration
<b>SGD</b>	Singapore Dollars
<b>Shareholders</b>	Shareholders of Spicers Limited ordinary shares
<b>Shareholder Resolutions</b>	Approval being sought under a Scheme Resolution and Capital Return Resolution
<b>Spicers or the Company</b>	Spicers Limited



Glossary of Terms

Term	Description
The Transaction	The Scheme and the Capital Return collectively
UK	United Kingdom
USA	United States of America
VWAP	Volume Weighted Average Price

## Appendix 2: Sources of Information

In preparing this report we have had regard to the following sources of information:

- Annual Reports of Spicers Limited for the three years ended 30 June 2018;
- Interim Financial Report for the half year ended 31 December 2018;
- Proforma balance sheet for the year ended 30 June 2019;
- ASX announcements of Spicers;
- Copy of the Implementation Agreement;
- Normalisation adjustments for the three years ended 30 June 2018;
- Management presentations to KPP and Pitcher Partners;
- Industry Edge Strategy Review 2018 report;
- Pulp & Paper Edge Intelligence Report dated January 2019 of Industry Edge;
- IBISWorld Reports on Paper Product Wholesaling in Australia Industry Report dated June 2018 and Printing in Australia Industry Report dated August 2018;
- Top 20 shareholders;
- Capital IQ and Internet based research; and
- Discussions with Management of Spicers.

## Benchmark Listed Companies



## Appendix 3: Benchmark Listed Companies

Company	Location	Business Description
JPP	Japan	JPP engages in the manufacture, import, export, distribution, and sale of papers, paperboards, pulp, and paper-related products worldwide. It offers household paper products and goods, processed papers, container materials, recovered papers, industrial chemicals, building materials, capacitor papers, electronic components and materials, containerboards, corrugated carton boxes and packages, newsprints, paper strings and deodorants, materials for recycling papers, laminated papers, industrial waste papers, and packaging materials and ink, as well as paper films used for manufacturing electronic components. The company also provides digital printers, films and other media, and harvesting equipment; and warehousing and transportation, paper converting, shipping pallet recovery and recycling, cargo handling, and business management services. JPP was founded in 1845 and is headquartered in Tokyo, Japan.
KPP	Japan	KPP buys, sells, imports, and exports paper based materials. The company offers papers for newspapers, printing, communications, etc.; packaging, plastic film, paper board, and cardboard materials; pulp and recovered paper materials; and functional paper and other related products, as well as chemical products. It operates in Japan, Southeast Asia, Australia, North America, and internationally. KPP was founded in 1924 and is headquartered in Tokyo, Japan.
Samson Paper	Hong Kong	Samson Paper, an investment holding company, engages in manufacturing, trading, and marketing paper products worldwide. It offers printing papers, such as coated woodfree paper, glossy, and matt, as well as uncoated woodfree offset printing papers; packaging paper, including MC duplex boards; printing and packaging paper comprising coated boards, bookbinding boards, and grey chipboards; and specialty paper, including carbonless, label, and specialty papers. The company also provides copy papers, such as office and printing papers, as well as waste papers. In addition, it supplies a range of writing papers, printing papers, and packaging boards to local and international publishers, book printers, advertising firms, and packaging printers; waste paper to paper mills; and copying papers, pre-printed computer forms, and other office papers to commercial organizations, schools, financial institutions, and government departments. The company was founded in 1965 and is headquartered in Kwun Tong, Hong Kong. Samson Paper is a subsidiary of Quinselle Holdings Limited.
Antalis	France	Antalis primarily operates as a paper distributor worldwide. The company also provides packaging and visual communication solutions. It offers creative papers, digital and recycled papers, envelopes, self-adhesives, labels, and graphical boards; and everyday, recycled, extra-white, low-grammage, and coloured paper, as well as various packaging products. The company also provides media designed for outdoor communication, self-adhesive vinyl stickers for customizing vehicle fleets or interior design, plastic or aluminium sheeting, foam panels for retailers, and floor stickers and accessories for point-of-sale advertising and counter displays, as well as distributes printing machines and ink. The company was founded in 2000 and is headquartered in Boulogne-Billancourt, France. Antalis is a subsidiary of Sequana SA.

## Benchmark Listed Companies



PITCHER PARTNERS

Domtar	United States	Domtar designs, manufactures, markets, and distributes various communication papers, specialty and packaging papers, and absorbent hygiene products in the United States, Canada, Europe, Asia, and internationally. It operates in two segments, Pulp and Paper, and Personal Care. The company offers business papers, including copy and electronic imaging papers for use with inkjet and laser printers, photocopiers, and plain-paper fax machines, as well as computer papers, pre-printed forms, and digital papers for office and home use. It also provides commercial printing and publishing papers, such as offset papers and opaques for sheet and roll fed offset presses; publishing papers comprising tradebook and lightweight uncoated papers for publishing textbooks, dictionaries, catalogues, magazines, hard cover novels, and financial documents; and base papers that are converted into envelopes, tablets, business forms, and data processing/computer forms. In addition, the company offers papers for thermal and flexible packaging, food and medical packaging, medical gowns and drapes, sandpaper backing, carbonless printing, label, and other coating and laminating applications; and papers for industrial and specialty applications that include carrier and treated papers, security papers, and specialized printing and converting applications. The company was founded in 1848 and is based in Fort Mill, South Carolina.
Amcor Limited	Australia	Amcor Limited provides packaging solutions in Australia, Western Europe, North America, New Zealand, and internationally. The company's Amcor Rigid Plastics segment manufactures rigid plastic containers for a range of beverage and food products, including carbonated soft drinks, water, juices, sports drinks, milk-based beverages, spirits and beer, sauces, dressings, spreads, and personal care items; and plastic caps for various applications. Its Amcor Flexibles segment manufactures flexible and film packaging for the food and beverage industry, including confectionery, coffee, fresh food and dairy, pet food packaging, champagne, and wine closures; and medical and pharmaceutical segments. This segment also offers flexible packaging for specialty folding cartons for tobacco packaging and other industries; and packaging solutions for home and personal care products. Amcor Limited was incorporated in 1926 and is headquartered in Hawthorn, Australia.
Orora Limited	Australia	Orora Limited, together with its subsidiaries, designs, manufactures, and sells fibre and beverage packaging products in Australia, New Zealand, the United States, Canada, and Mexico. The company offers aluminium beverage cans, paper bags and sacks, flexible intermediate bulk containers, woven plastic sacks, folding cartons, corrugated cardboard boxes, and glass bottles and jars; recycled paper, specialty packaging, point-of-purchase displays, general packaging, and supplies; and closures, including wine screw caps and overcaps. The company also purchases, warehouses, sells, and delivers a range of packaging and related materials; and sells equipment. In addition, it offers point of purchase retail display solutions and other visual communication services; and supplies packaging, logistics, and label products to the greenhouse produce sector. Orora Limited was founded in 2013 and is headquartered in Hawthorn, Australia.

## Benchmark Listed Companies



PITCHER PARTNERS

Pro-Pac Packaging Limited	Australia	Pro-Pac Packaging Limited, together with its subsidiaries, manufactures and distributes industrial, flexible, and rigid packaging products in Australia. The company's Industrial Packaging division manufactures, sources, and distributes industrial packaging materials, and related products and services. This division also installs, supports, and maintains packaging machines. Its Rigid Packaging division manufactures, sources, and distributes containers and closures, as well as related products and services. The company offers flexible films, stretch and pallet wraps, plastic bottles, lids and closures, food processing products, void fill solutions, packaging supplies and consumables, machinery and machine services, safety and PPE products, gloves, bags and liners, washroom and janitorial products, cleaning supplies, labels and warehouse products, signs, and safety products. It supplies a range of products and services to industry segments comprising primary produce, food and food processing, and warehousing and logistics, as well as agricultural, industrial, and commercial markets; and retail and FMCG markets. Pro-Pac Packaging Limited was founded in 1987 and is headquartered in St Leonards, Australia.
Graphic Packaging Holding Company	United States	Graphic Packaging Holding Company, together with its subsidiaries, provides paper-based packaging solutions to food, beverage, foodservice, and other consumer products companies. It operates through three segments: Paperboard Mills, Americas Paperboard Packaging, and Europe Paperboard Packaging. The company offers coated unbleached kraft (CUK), coated recycled paperboard (CRB), and solid bleached sulfate paperboard (SBS) to various paperboard packaging converters and brokers; and paperboard packaging folding cartons and cups, lids, and food containers primarily to consumer packaged goods, quick-service restaurants, and foodservice companies. It also manufactures corrugated medium products; offers various laminated, coated, and printed packaging structures, as well as other grades of paperboards that are purchased from third-party suppliers; designs and manufactures specialized packaging machines that package bottles and cans, and non-beverage consumer products; and installs its packaging machines at customer plants and provides support, service, and performance monitoring of the machines. The company markets its products primarily through sales offices and broker arrangements with third parties in the Americas, Europe, and the Asia Pacific. Graphic Packaging Holding Company was founded in 1992 and is headquartered in Atlanta, Georgia.
Intertape Polymer Group Inc.	Canada	Intertape Polymer Group Inc., together with its subsidiaries, operates in the packaging industry in Canada, the United States, and internationally. It develops, manufactures, and sells various paper and film based pressure sensitive and water activated tapes, polyethylene and specialized polyolefin films, woven coated fabrics, and complementary packaging systems for industrial and retail use. The company offers taping solutions comprise hot melt carton sealing, double-coated, filament and mop, foil, flat back, duct, electronic/electrical, natural rubber carton sealing, masking, polyethylene, water-activated, and acrylic carton sealing tapes, as well as reinforced filament and reinforced filament tapes. It also provides flexible intermediate bulk containers; membrane structure and geomembrane fabrics; stretch and shrink films; tape dispensers; fabrics; stencils; air pillows; house wraps/flashings; retail and specialty products; lumber wraps; carton sealing machines; and roof underlayment. It provides market solutions to the aerospace, automotive, industrial, and building and construction applications. In addition, the company engages in financing business. It sells its products to a range of industry/specialty distributors, retail stores, and end-users in various industries. Intertape Polymer Group Inc. was founded in 1981 and is headquartered in Montreal, Canada.

Source: Capital IQ

## Appendix 4: Comparable Transaction Descriptions

Date	Target	Target Description	Transaction Details
11-Jan-16	Colorpak Limited	Colorpak Limited designs, produces, and sells folding carton products in Australia and New Zealand. The company offers printed folding cartons, paper cups and lids, printed leaflets, printed blister and lidding foils, printed self-adhesive labels, point of sale displays, and other value added paperboard packaging products. It serves pharmaceutical, healthcare, food and beverage, confectionery, wine, cosmetics, technology, FMCG, and fast moving consumer goods industries. The company is based in Braeside, Australia. As of 29 April 2016, Colorpak Limited operates as a subsidiary of Graphic Packaging International, Inc.	Graphic Packaging International, Inc. entered into a scheme implementation deed to acquire Colorpak Limited from Investors Mutual Limited, Argo Investments Limited and other shareholders for AUD 58.3 million in cash on 11 January 2016. The transaction was approved by the shareholders of Colorpak on 7 April 2016.
1-Mar-16	IntegraColor, LLC	IntegraColor, LLC develops and produces weatherproof labels, packaging, and sign point-of-sale solutions. The company offers flexographic, screen, digital, photographic, conventional sheet-fed, web offset, UV sheet-fed, and rotary letterpress printing services; plastic printing, UV-resistant inks, and thermal transfer and laser printable products; and wraps and vinyl application solutions, such as vehicles, boats, construction, barriers, beverage carts, sandwich boards, wall wraps, cut vinyl, and floor graphics. It also provides finishing services, such as multi-page labels, binding, stringing, die-cutting, l-cut, sewing/hemming, ink jet, and point-of-sale finishing; fulfillment center, inventory, and shipping and third-party logistics services; and creative, structural design, and specialty services.	Orora Limited acquired IntegraColor, Ltd. for \$77 million on 1 March 2016. Up-front price of \$70 million was paid on completion while representations and warranties holdback of \$7 million was to be paid in equal installments after 12 months and 18 months from the date of acquisition.
18-Apr-16	Alusa S.A.	Alusa S.A. manufactures plastic and paper packaging products. It provides preformed packaging products, including stand up pouches, pouches with bellows and route, pouches with zipper, pouches with valve, bag-in-box products, and cones; retort products; and labels and decorations. The company serves the food, personal care, cleaning, frozen food, pharmaceutical, and pet food markets.	Amcor Limited entered into an agreement to acquire Alusa S.A. from Tech Pack S.A. and Nexus Private Equity for approximately \$440 million on 18 April 2016. In a related transaction, Amcor Limited agreed to acquire 50% stake in Empaques Flexa S.A.S. and PeruPlast S.A. from Nexus Private Equity on 18 April 2016.



## Comparable Transaction Descriptions

Transaction Details	
Date	Target
12-Apr-17	PagePack (AU) Pty Ltd
<p>Ball &amp; Doggett Group Pty Ltd engages in the sale, distribution, and wholesale supply of paper and packaging products, inks, and chemicals to the packaging, printing, and plastics industries in Australia. The company was formerly known as PagePack (AU) Pty Limited and changed its name to Ball &amp; Doggett Group Pty Ltd on 12 July 2017. The company was incorporated in 2010 and is based in Dandenong South, Australia.</p>	
11-Sep-17	Integrated Packaging Group Pty Ltd
<p>Integrated Packaging Group Pty Ltd manufactures and distributes flexible packaging and associated systems for agricultural and industrial markets primarily in Australia. The company's industrial packaging products include blown films, bundle and pallet shrinks, bundle tapes, cast films, pallet netting and liners, printed and plain bags, printed and plain films, pre-stretch films, PVC food films, stretch hoods, and top sheets, as well as accessories comprising end plugs, and bundle and hand wrappers. Its agricultural and horticultural products comprise bale netting and twines, fodder additives, grain bags, grape covers, horticulture twines, mulch films, pit covers, silage tubes, and silage films, as well as accessories. The company also offers semi and automatic stretch wrapping machines. Integrated Packaging Group Pty Ltd was founded in 1982 and is headquartered in Reservoir, Australia.</p>	
15-Nov-17	Graham Packaging Guangzhou Co. Ltd
<p>Graham Packaging Guangzhou Co. Ltd and Non-Japanese Asian Packaging Operations of Closure Systems represents the combined operations of Graham Packaging Guangzhou Co. Ltd and Non-Japanese Asian Packaging Operations of Closure Systems in their sale to Pact Group Holdings Ltd. Graham Packaging Guangzhou Co. Ltd manufactures plastic packaging containers. Graham Packaging Guangzhou Co. Ltd is based in China.</p>	

Source: Capital IQ



## Appendix 5: Qualifications, Declarations & Consents

The report has been prepared at the request of the Directors of Spicers and is to be incorporated in the Notice of Meeting and Explanatory Booklet to be given to Shareholders. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Explanatory Booklet and should not be used for any other purpose.

The report represents solely the expression by Pitcher Partners Corporate of its opinion as to whether the whether the Scheme is in the best interest of the Shareholders, similar to that which would be undertaken pursuant to Section 640 of the Corporations Act. Pitcher Partners Corporate consents to this report being incorporated in the Notice of Meeting and Explanatory Booklet.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Pitcher Partners Corporate has relied upon the information provided by the Directors and Management of Spicers. Pitcher Partners Corporate does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us other than as required in accordance with RG111. Drafts of our report were issued to the Directors for confirmation of factual accuracy.

Furthermore, recognising that Pitcher Partners Corporate may rely on information provided by Spicers and their respective officers and/or associates, Spicers has agreed to make no claim by it or its officers and/or associates against Pitcher Partners Corporate to recover any loss or damage which Spicers, or its associates may suffer as a result of that reliance and also has agreed to indemnify Pitcher Partners Corporate against any claim arising out of this engagement, in relation to any breach by Spicers of its obligations or any dishonest, willful unlawful or negligent act of Spicers in relation to this engagement. Pitcher Partners Corporate is a licensed corporate advisory entity of Pitcher Partners, Chartered Accountants. Pitcher Partners is a chartered accounting firm providing a full range of accounting and advisory services.

The Director of Pitcher Partners Corporate involved in the preparation of this report is Piera Murone. Piera Murone is a representative of Pitcher Partners Corporate and has many years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports. Neither Pitcher Partners Corporate, Pitcher Partners, nor any partner or executive or employee thereof has any financial interest in the outcome of the Transaction. Pitcher Partners Corporate is to receive a fee relating to the preparation of this report of \$65,000 plus GST based on time spent at normal professional rates.



# B

## Annexure B Scheme

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

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

**And**

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

**Recitals**

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

**It is agreed** as follows.

**1 Definitions and Interpretation****1.1 Definitions**

In this document, unless the context requires otherwise:

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

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

**ASX Listing Rules** means the official listing rules of ASX.

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

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

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

## Scheme of Arrangement

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

**CHES Holding** has the meaning given in the Settlement Rules.

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

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

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

**Deed Poll** means the deed poll dated 25 April 2019 executed by KPP in favour of the Scheme Shareholders.

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

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

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

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

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

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

**KPP** has the meaning given in Recital B.

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

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

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

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

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

**Scheme Implementation Deed** means the Scheme Implementation Deed dated 17 January 2019 between KPP and Spicers.

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

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

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

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

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

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

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

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

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

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

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

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

## 1.2 Interpretation

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

## Scheme of Arrangement

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

**2 Conditions Precedent****2.1 Conditions Precedent to the Scheme**

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

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

**2.2 Termination of Scheme Implementation Deed**

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

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

**3 Scheme Becoming Effective****3.1 Effective Date of the Scheme**

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

**3.2 End Date**

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

## **4 Implementation of Scheme**

### **4.1 Lodgement**

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

### **4.2 Transfer of Scheme Shares**

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

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

## **5 Base Scheme Consideration**

### **5.1 Provision of Base Scheme Consideration**

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

## Scheme of Arrangement

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

**5.2 Joint holders**

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

**5.3 Fractional entitlements**

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

**5.4 Unclaimed monies**

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

**5.5 Orders of a court**

If:

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



## **6 Dealings in Spicers Shares**

### **6.1 Dealings in Spicers Shares by Scheme Shareholders**

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

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

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

### **6.2 Spicers Register**

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

### **6.3 Effect of share certificates and holding statements**

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

### **6.4 Information to be given to KPP**

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

### **6.5 No disposals after Record Date**

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

## **7 Suspension and Termination of Quotation of Spicers Shares**

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

## Scheme of Arrangement

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

## 8 General Provisions

### 8.1 Further assurances

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

### 8.2 Scheme Shareholders' agreements and consents

Each Scheme Shareholder:

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

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

### 8.3 Appointment of Spicers as attorney for implementation of Scheme

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

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

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

### 8.4 Warranty by Scheme Shareholders

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

that:

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

#### 8.5 Title to and rights in Scheme Shares

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

#### 8.6 Appointment of KPP as attorney for Scheme Shares

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

## Scheme of Arrangement

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

**8.7 Alterations and conditions to Scheme**

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

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

**8.8 Binding effect of Scheme**

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

**8.9 Enforcement of Deed Poll**

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

**8.10 Notices**

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

**8.11 Costs and duty**

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

**8.12 Governing law and jurisdiction**

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

**8.13 No liability when acting in good faith**

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



## Annexure C Deed Poll

Kokusai Pulp & Paper Co., Ltd.

## Deed Poll

In favour of each Scheme Shareholder

Deutsche Bank Place  
Corner Hunter and Phillip Streets  
Sydney NSW 2000 Australia  
T +61 2 9230 4000  
F +61 2 9230 5333  
[www.allens.com.au](http://www.allens.com.au)

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## Deed Poll

**Contents**

<b>1</b>	<b>Definitions and Interpretation</b>	<b>1</b>
1.1	Definitions	1
1.2	Interpretation	1
<b>2</b>	<b>Nature of Deed Poll</b>	<b>2</b>
<b>3</b>	<b>Conditions Precedent and Termination</b>	<b>2</b>
3.1	Conditions precedent	2
3.2	Termination	2
3.3	Consequences of termination	2
<b>4</b>	<b>Compliance with Scheme Obligations</b>	<b>2</b>
4.1	Undertaking to pay Base Scheme Consideration	2
4.2	Undertaking to return Property Sale Proceeds	2
4.3	Payments to Scheme Shareholders	3
<b>5</b>	<b>Representations and Warranties</b>	<b>3</b>
<b>6</b>	<b>Continuing Obligations</b>	<b>3</b>
<b>7</b>	<b>Further Assurances</b>	<b>3</b>
<b>8</b>	<b>General</b>	<b>3</b>
8.1	Notices	3
8.2	No waiver	5
8.3	Remedies cumulative	5
8.4	Amendment	5
8.5	Assignment	5
8.6	Costs and duty	5
8.7	Governing law and jurisdiction	6
	<b>Schedule</b>	<b>7</b>
	Scheme	7



25 April 2019.

**This Deed Poll** is made on

**Parties**

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

**In favour of**

**Each Scheme Shareholder**

**Recitals**

- A KPP and Spicers Limited (ACN 005 146 350) (**Spicers**) have entered into a Scheme Implementation Deed dated 17 January 2019 (the **Scheme Implementation Deed**).
- B Spicers has agreed in the Scheme Implementation Deed to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, KPP will acquire all of the Scheme Shares from Scheme Shareholders for the Scheme Consideration.
- C In accordance with the Scheme Implementation Deed, KPP is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders that it will observe and perform the obligations contemplated of it under the Scheme.

**It is agreed** as follows.

**1 Definitions and Interpretation**

**1.1 Definitions**

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

**1.2 Interpretation**

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

**2 Nature of Deed Poll**

KPP acknowledges that:

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

**3 Conditions Precedent and Termination****3.1 Conditions precedent**

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

**3.2 Termination**

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

**3.3 Consequences of termination**

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

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

**4 Compliance with Scheme Obligations****4.1 Undertaking to pay Base Scheme Consideration**

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

**4.2 Undertaking to return Property Sale Proceeds**

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

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

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

#### 4.3 Payments to Scheme Shareholders

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

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

### 5 Representations and Warranties

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

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

### 6 Continuing Obligations

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

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

### 7 Further Assurances

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

### 8 General

#### 8.1 Notices

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

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

## Deed Poll

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- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand to the address below or by email to the email address below or the address or email address last notified by the intended recipient to the sender:
- |      |             |            |  |
|------|-------------|------------|--|
| (i)  | to Spicers: | Address:   | 155 Logis Boulevard, Dandenong South, Victoria 3175  |
|      |             | E-mail:    | J.Trollip@meridianint.com  |
|      |             | Attention: | Jonathan Trollip, Chairman   |
|      |             | Copy to:   | Tom.Story@allens.com.au<br>Michael.Clark@spicers.com.au  |
| (ii) | to KPP:     | Address:   | 6-24 Akashi-cho, Chuo-ku, Tokyo 104-0044 Japan   |
|      |             | E-mail:    | dai-yoshikawa@kppc.co.jp<br>yasuyuki-sakata@kppc.co.jp   |
|      |             | Attention: | Dai Yoshikawa, General Manager   |
|      |             | Copy to:   | Ian Williams / Andrew Rich / Nick Baker<br><br>Herbert Smith Freehills<br>Level 34, 161 Castlereagh St,<br>Sydney, NSW, 2000, Australia<br><br>ian.williams@hsf.com /<br>andrew.rich@hsf.com /<br>nick.baker@hsf.com |
- (c) will be conclusively taken to be duly given or made:
- (i) in the case of delivery in person to the nominated address in clause 8.1(b), when delivered to the nominated address;
  - (ii) in the case of delivery by express post to a nominated address in clause 8.1(b) in the same country, at 9.00am on the second Business Day after the date of posting;
  - (iii) in the case of delivery by any other method of post, at 9.00am on the sixth Business Day after the date of posting (if posted to a nominated address in clause 8.1(b) in the same country) or at 9.00am on the tenth Business Day after the date of posting (if posted to a nominated address in clause 8.1(b) in another country);
  - (iv) in the case of email, the earlier of:
    - (A) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email;
    - (B) the time that the email (including any attachment) is first opened or read by the intended recipient, or an employee or officer of, or any other person acting on behalf of, the intended recipient; and

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

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

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

## 8.2 No waiver

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

## 8.3 Remedies cumulative

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

## 8.4 Amendment

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

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

## 8.5 Assignment

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

## 8.6 Costs and duty

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

Deed Poll

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

#### **8.7 Governing law and jurisdiction**

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

Deed Poll

**Schedule**

**Scheme**

Deed Poll

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Executed and delivered as a Deed

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



田邊 麻緒

Authorised signatory

MADOKA TANABE

Print Name

Yasuyuki Sakata

Witness

YASUYUKI SAKATA

Print Name





# Annexure D Notice of Scheme Meeting

Spicers Limited ABN 70 005 146 350 (Spicers or the Company)  
(ASX Code: SRS)

## Notice of General Meeting of Shareholders of the Company in respect of the Scheme (the Scheme Meeting)

**Notice is hereby given that, by order of the Federal Court of Australia made on 17 May 2019 pursuant to section 411(1) of the Corporations Act, a general meeting of shareholders of Spicers will be held at 10.00am (Melbourne time) on 26 June 2019 at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia.**

The Court has directed that Jonathan Trollip, or, failing him, Andrew Preece act as the chair of the Scheme Meeting (**Chairman**).

Unless the context requires otherwise, terms used in this Notice of Scheme Meeting and in the Notes to the Notice of Scheme Meeting have the same meaning as set out in section 9 (Glossary and interpretation) of the Explanatory Booklet.

## Business of the Scheme Meeting

---

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a proposed scheme of arrangement (with or without modification or any alterations or conditions required by the Court to which Spicers and KPP agree) to be made between Spicers and Spicers Shareholders, at the Record Date, pursuant to Part 5.1 of the Corporations Act (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Explanatory Booklet (of which this Notice of Scheme Meeting forms part).

## Scheme Resolution

---

The Scheme Meeting will be asked to consider, and, if thought fit, pass the following resolution:

*That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Spicers Limited and the holders of its ordinary shares (the terms of which are contained in and more particularly described in the Explanatory Booklet of which the Notice of Scheme Meeting forms part) is agreed to (with or without alterations or conditions as approved by the Court) and, subject to approval of the Scheme by the Court, the Spicers Board is authorised to implement the Scheme with any such alterations or conditions.*

There are no relevant voting exclusions that apply to this Scheme Meeting.

**By Order of the Court and the Spicers Board**

*Michael Clark*

Michael Clark  
Company Secretary  
17 May 2019

## Notes to the Notice of Scheme Meeting

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These notes should be read in conjunction with the Notice of Scheme Meeting and the information in the Explanatory Booklet (of which the Notice of Scheme Meeting forms part).

### Majorities required

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be passed by:

- more than 50% in number (unless the Court orders otherwise) of eligible Spicers Shareholders who are present and voting, either in person or by proxy, by attorney or, in the case of a corporation, by its duly appointed corporate representative, at the Scheme Meeting; and
- at least 75% of the total number of votes cast by eligible Spicers Shareholders on the Scheme Resolution.

### Entitlement to vote

The time for the purposes of determining voting entitlements pursuant to regulation 7.11.37 of the Corporations Regulations will be 7.00pm (Melbourne time) on 24 June 2019.

### Voting at the Scheme Meeting

You may vote in person at the Scheme Meeting, or appoint a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to attend and vote on your behalf.

Voting will be conducted by poll.

### Jointly held securities

If you hold Spicers Shares jointly with one or more other person, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Spicers Register will be counted.

### Proxies

If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf. If you wish to appoint a proxy, please complete the enclosed proxy form.

Shareholders are notified that:

- a member who is entitled to attend and cast a vote at the meeting may appoint a proxy to attend and vote for the member;
- the appointment may specify the proportion or number of votes that the proxy may exercise;
- a member who is entitled to cast two or more votes at the meeting may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes; and
- a proxy may be an individual or a body corporate and need not be a member of Spicers. If a Shareholder appoints a body corporate as proxy, the body corporate will need to ensure that it appoints an individual as corporate representative and provides satisfactory evidence of that appointment.

You can direct your proxy how to vote by following the instructions on the proxy form.

If the Chairman of the meeting is appointed as your proxy (or is appointed your proxy by default), he can be directed how to vote by ticking the relevant boxes next to the Scheme Resolution on the proxy form (i.e. 'for', 'against' or 'abstain'). The Chairman of the meeting intends to vote all undirected proxies in favour of the Scheme Resolution.

Any directed proxies that are not voted on a poll at the meeting by a Shareholder's appointed proxy will automatically default to the Chairman of the meeting, who is required to vote proxies as directed on a poll.

If you hold Spicers Shares jointly with one or more other persons, in order for your proxy appointment to be valid, all of the shareholders should sign the proxy form.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the Scheme Meeting.

## Notes to the Notice of Scheme Meeting continued

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### Lodgement of proxies

The proxy form must be received by the Company or the Spicers Registry, Computershare Investor Services Pty Limited, by 10.00am (Melbourne time) on 24 June 2019.

Proxy forms must be returned using one of the following methods:

- online by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions provided;
- by mail to Computershare Investor Services Pty Limited, GPO Box 1282, Melbourne, Victoria 3001, Australia in the enclosed envelope provided;
- by hand to Computershare at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia; or
- by fax to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

For custodians who are subscribers to the Intermediary Online service, please go to [www.intermediaryonline.com](http://www.intermediaryonline.com) to lodge your voting intentions.

Further details in respect of the Scheme Resolution to be put to the meeting are set out in the Explanatory Booklet of which the Notice of Scheme Meeting forms part.

### Voting by attorney

Powers of attorney must be received by the Spicers Registry by no later than 10.00am (Melbourne time) on 24 June 2019.

Your appointment of an attorney does not preclude you from attending in person and voting at the Scheme Meeting.

Persons attending the Scheme Meeting as an attorney should bring to the Scheme Meeting the original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting.

### Voting by corporate representative

If you are a body corporate, you can appoint a corporate representative to attend and vote at the Scheme Meeting on your behalf. The appointment must comply with section 250D of the Corporations Act.

If a representative of a corporate shareholder or proxy is to attend the meeting, then you will need to provide the appropriate 'Certificate of Appointment of Corporate Representative' prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, 'Printable Forms'.

### Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) must be approved by an order of the Court. If the resolution put to this Scheme Meeting is passed by the requisite majorities and the other conditions to the Scheme are satisfied or waived (if applicable) by the time required under the Scheme, Spicers intends to apply to the Court for the necessary orders to approve the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.



# Annexure E

## Notice of Special General Meeting

Spicers Limited ABN 70 005 146 350 (Spicers or the Company)  
(ASX Code: SRS)

### Notice of Special General Meeting of Shareholders of the Company in respect of the Capital Return (the Special General Meeting)

Notice is hereby given that, a general meeting of shareholders of Spicers will be held at the later of 10.15am (Melbourne time) on 26 June 2019 and the adjournment or conclusion of the Scheme Meeting at the Computershare Conference Centre, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, Australia.

Unless the context requires otherwise, terms used in this Notice of Special General Meeting and in the Notes to the Notice of Special General Meeting have the same meaning as set out in section 9 (Glossary and interpretation) of the Explanatory Booklet.

Jonathan Trollip, or, failing him, Andrew Preece will act as the chair of the Special General Meeting (**Chairman**).

### Business of the Special General Meeting

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The purpose of the Special General Meeting is to consider and, if thought fit, to agree to a proposed equal reduction in Spicers' ordinary share capital under section 256B of the Corporations Act in an amount equal to the Capital Return Consideration (the **Capital Return**).

### Capital Return Resolution

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The Special General Meeting will be asked to consider, and, if thought fit, pass the following resolution:

*That, subject to the satisfaction of the following conditions:*

- (a) *the Scheme becoming Effective; and*
- (b) *the receipt of a waiver of ASX Listing Rule 7.25,*

*for the purposes of section 256C(1) of the Corporations Act 2001 (Cth), and for all other purposes, approval is given for the ordinary share capital of the Company to be reduced by returning capital, in the form of cash, to each registered holder of fully paid ordinary shares in the Company as at the Record Date in an aggregate amount equal to the amount of the Capital Return Consideration.*

There are no relevant voting exclusions that apply to this Special General Meeting.

**By Order of the Spicers Board**

*Michael Clark*

Michael Clark  
Company Secretary  
17 May 2019

## Notes to the Notice of Special General Meeting

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These notes should be read in conjunction with the Notice of Special General Meeting and the information in the Explanatory Booklet (of which the Notice of Special General Meeting forms part).

### Capital Return Resolution

The Capital Return Resolution is being proposed in connection with the Scheme and the Scheme is conditional upon, among other things, the resolution being passed.

The Explanatory Booklet (of which the Notice of Special General Meeting forms part) sets out the information that is known to the Company (in addition to information previously announced to Shareholders) that is material to the decision on how to vote on the Capital Return Resolution.

If the Capital Return Resolution is passed by the requisite majority of Shareholders, then the Company will implement the Capital Return provided that the following conditions are satisfied:

- The Scheme is approved by the requisite majorities of Shareholders and by the Court and all other Conditions Precedent to the Transaction are satisfied or waived (as applicable).
- The Company receives a waiver of ASX Listing Rule 7.25. The current market price of Spicers shares is below \$0.200. The Company will require a waiver from ASX Listing Rule 7.25, which provides that a listed entity must not reorganise its capital if the effect of doing so would be to reduce the price at which its main class of securities would be likely to trade after the reorganisation to an amount less than \$0.200, and applies to listed entities whose share price is already below \$0.200.

### Capital Return Consideration

The aggregate amount to be returned to Spicers Shareholders pursuant to the Capital Return is the **Capital Return Consideration**.

The Capital Return Consideration will be the total of the following amounts:

- **(Asian operations)** \$22.2 million, being the net proceeds received by the Spicers Group in respect of the sale of its Asian operations to JPP in December 2018, which includes the amount of the 'net cash' balances in the Asian operations repatriated to Spicers. Spicers Shareholders previously approved a capital return of up to \$15 million in respect of the proceeds from the sale of the Asian operations at the 2018 Annual General Meeting.
- **(Property sales proceeds)** An amount, currently expected to be \$14.4 million, comprising the net proceeds received from the sale of properties held by the Spicers Group in Tasmania and Singapore as described below:
  - **Tasmania** – \$4.4 million, being the net proceeds received by the Spicers Group for the sale of the properties at 7-15 Reeves Street, Burnie and 226 Mill Road, Wesley Vale.
  - **Singapore** – As announced to ASX on 24 January 2019 and 14 May 2019, the expected net proceeds for the sale of the property at 3 Gul Crescent, Singapore to HLS Property Pte Ltd are SG\$9.9 million<sup>(15)</sup> (A\$10.0 million, based on an exchange rate of 1.01 Australian Dollars to 1.00 Singaporean Dollar). Completion of this sale is expected to occur in early June 2019.
- **(Excess net cash)** An amount, currently expected to be \$21.0 million, of excess net cash in the business as at 30 June 2019 to be calculated as follows:
  - the total of all cash and cash equivalents held by the Spicers Group as set out in the CASH account code in the general ledger of the Spicers Group; less
  - the amount of external financial debt of the Spicers Group (being the 'Financial Debt Payout Amount' as that term is defined in the Scheme Implementation Deed); less
  - Spicers' unpaid transaction costs for the Transaction, including payments to the Spicers Directors (being the 'Transaction Costs' as that term is defined in the Scheme Implementation Deed); less
  - an amount equal to any amounts paid by Spicers for directors' and officers' run-off insurance cover as contemplated under clause 11.5(b) of the Scheme Implementation Deed; less
  - an amount equal to the outstanding liability for the Spicers Group for Victorian and Tasmanian workers compensation self-insurance commitments for claims incurred to 31 May 2019, with the liability measured based on an independent actuarial report dated on or about 30 June 2019; less

(15) These proceeds will be received by the Spicers Group by way of deferred consideration payable under the terms of the agreement for the sale of the Asian operations with JPP.

## Notes to the Notice of Special General Meeting continued

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- an amount (if any) of cash and cash equivalents to be retained by Spicers to ensure that the Net Working Capital (as that term is defined in the Scheme Implementation Deed) of the Spicers Group that will be recorded in the reconciled general ledgers of the Spicers Group as at 30 June 2019 (as estimated by the Spicers Board acting reasonably and in good faith) is at least \$60.2 million.

Under the terms of the Scheme Implementation Deed, the final amount of excess net cash is to be determined by Spicers by 9 July 2019. That amount will be announced to ASX and notified on Spicers' website at [www.spicerslimited.com.au](http://www.spicerslimited.com.au).

As at the date of the Explanatory Booklet, the Capital Return Consideration amount is estimated to be approximately \$57.6 million or \$0.027 per Scheme Share. Spicers will announce the final Capital Return Consideration prior to implementation of the Transaction (currently expected to occur on 16 July 2019).

The Spicers Directors are of the view that, taking into account all relevant matters, the Transaction (which includes the Capital Return and the Scheme) is in the best interests of Shareholders and does not materially prejudice Spicers' ability to pay its creditors.

Each Spicers Director recommends that you vote in favour of the Capital Return Resolution, in the absence of a Superior Proposal and intends to vote all Spicers Shares held or controlled by them in favour of that resolution.

### Majorities required

In accordance with section 256C(1) of the Corporations Act, the Capital Return Resolution must be passed by at least 50% of the total number of votes cast by eligible Spicers Shareholders on the Capital Return Resolution, either in person or by proxy, by attorney or, in the case of a corporation, by its duly appointed corporate representative, at the Special General Meeting.

### Entitlement to vote

The time for the purposes of determining voting entitlements pursuant to regulation 7.11.37 of the Corporations Regulations will be 7.00pm (Melbourne time) on 24 June 2019.

### Voting at the Special General Meeting

You may vote in person at the Special General Meeting, or appoint a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to attend and vote on your behalf.

Voting will be conducted by poll.

### Jointly held securities

If you hold Spicers Shares jointly with one or more other person, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Spicers Register will be counted.

### Proxies

If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf. If you wish to appoint a proxy, please complete the enclosed proxy form.

Shareholders are notified that:

- a member who is entitled to attend and cast a vote at the meeting may appoint a proxy to attend and vote for the member;
- the appointment may specify the proportion or number of votes that the proxy may exercise;
- a member who is entitled to cast two or more votes at the meeting may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes; and
- a proxy may be an individual or a body corporate and need not be a member of Spicers. If a Shareholder appoints a body corporate as proxy, the body corporate will need to ensure that it appoints an individual as corporate representative and provides satisfactory evidence of that appointment.

## Notes to the Notice of Special General Meeting continued

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You can direct your proxy how to vote by following the instructions on the proxy form.

If the Chairman of the meeting is appointed as your proxy (or is appointed your proxy by default), he can be directed how to vote by ticking the relevant boxes next to the Capital Return Resolution on the proxy form (i.e. 'for', 'against' or 'abstain'). The Chairman of the meeting intends to vote all undirected proxies in favour of the Capital Return Resolution.

Any directed proxies that are not voted on a poll at the meeting by a Shareholder's appointed proxy will automatically default to the Chairman of the meeting, who is required to vote proxies as directed on a poll.

If you hold Spicers Shares jointly with one or more other persons, in order for your proxy appointment to be valid, all of the shareholders should sign the proxy form.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the Special General Meeting.

### Lodgement of proxies

The proxy form must be received by the Company or the Spicers Registry, Computershare Investor Services Pty Limited, by 10.00am (Melbourne time) on 24 June 2019.

Proxy forms must be returned using one of the following methods:

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- by mail to Computershare Investor Services Pty Limited, GPO Box 1282, Melbourne, Victoria 3001, Australia in the enclosed envelope provided;
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- by fax to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

For custodians who are subscribers to the Intermediary Online service, please go to [www.intermediaryonline.com](http://www.intermediaryonline.com) to lodge your voting intentions.

Further details in respect of the Capital Return Resolution to be put to the meeting are set out in the Explanatory Booklet of which the Notice of Special General Meeting forms part.

### Voting by attorney

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Persons attending the Special General Meeting as an attorney should bring to the Special General Meeting the original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Special General Meeting.

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If you are a body corporate, you can appoint a corporate representative to attend and vote at the Special General Meeting on your behalf. The appointment must comply with section 250D of the Corporations Act.

If a representative of a corporate shareholder or proxy is to attend the meeting, then you will need to provide the appropriate 'Certificate of Appointment of Corporate Representative' prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, 'Printable Forms'.

# Corporate Directory

## Registered office and principal place of business

155 Logis Boulevard  
Dandenong South VIC 3175

## Stock exchange listing

Spicers Limited shares are listed on the  
Australian Securities Exchange (ASX code: SRS)

## Company website

[www.spicerslimited.com.au](http://www.spicerslimited.com.au)

## Legal adviser

### Allens

Deutsche Bank Place  
Corner Hunter and Phillip Streets  
Sydney NSW 2000

## Financial adviser

### Moelis Australia

Level 34  
120 Collins Street  
Melbourne VIC 3000

## Taxation adviser

### EY

8 Exhibition Street  
Melbourne VIC 3000

## Share registry

### Computershare Investor Services Pty Limited

Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

## Spicers Shareholder Information Line

1300 048 154 (within Australia) or +61 3 9415 4285 (outside Australia)



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