

**ASX RELEASE  
CROSS RELEASE PXUPA**

4 May 2017

**UPDATE ON PROPOSED TRANSACTION TO SIMPLIFY SPICERS CAPITAL  
STRUCTURE**

Spicers Limited ("Spicers") refers to its announcements dated 20 December 2016 and 21 April 2017 in relation to a trust scheme (the "Trust Scheme") to be proposed to eligible PaperlinX SPS Trust ("SPS") unitholders for all PaperlinX Step-Up Preference Securities not held by Spicers ("SPS Units") to be transferred to Spicers in exchange for 545 Spicers ordinary shares per SPS Unit (the "Trust Scheme Consideration").

Spicers is pleased to announce that the NSW Supreme Court has now provided its first judicial advice, a key milestone for the proposed transaction. This judicial advice has given approval for The Trust Company (RE Services) Limited, the responsible entity of SPS, (the "RE"), to distribute a Trust Scheme booklet (the "Trust Scheme Booklet") and a prospectus prepared and issued by Spicers (the "Spicers Prospectus") to eligible SPS unitholders, and to then convene general meetings of SPS unitholders (the "Trust Scheme Meetings") to consider and vote on the Trust Scheme. Spicers will concurrently issue a notice of meeting and explanatory statement (the "Spicers Explanatory Statement") to Spicers shareholders in relation to shareholder approval to be sought for the issue of the Trust Scheme Consideration, being new Spicers ordinary shares, and convene an extraordinary general meeting of Spicers shareholders (the "Shareholder Meeting") to consider and vote on this.

**Summary**

- The Trust Scheme Booklet has been released on the ASX by the RE and will be distributed to eligible SPS unitholders on or about 16 May 2017. The Independent Expert engaged by the RE has concluded that the Trust Scheme is *'fair and reasonable'*, and therefore in the best interests of SPS Unitholders.
- The Spicers Prospectus has been lodged with ASIC by Spicers and released on the ASX by the RE as part of the materials to be distributed to eligible SPS Unitholders.
- The Spicers Explanatory Statement has been released on the ASX by Spicers, and will be distributed to Spicers shareholders on or about 16 May 2017. The Independent Expert engaged by Spicers has concluded that the proposed transaction is *'fair and reasonable'*, and therefore in the best interests of Spicers shareholders.
- The Shareholder Meeting and Trust Scheme Meetings to consider and vote on the proposed transaction will be convened on 14 June 2017 in Sydney, NSW.
- The Spicers board of directors (the "Spicers Board") and the directors of the RE unanimously recommend that Spicers shareholders and SPS Unitholders vote in favour of the proposed transaction, in the absence of a superior proposal.
- The Spicers Board renewal process, a condition of the proposed transaction and under which a Spicers extraordinary general meeting to vote on new directors is to be held within 4 months of implementation of the Trust Scheme, is progressing, with a number of candidates shortlisted. Spicers expects to make a further announcement on this process in advance of the respective Trust Scheme and Shareholder Meetings.

## Rationale and benefits of the proposed transaction

The Spicers Board believes that a simplified capital structure is in the best interests of Spicers and both sets of security holders. It is expected that implementation of the proposed transaction will provide several benefits, including:

- Creation of a unified, simplified and transparent capital structure. The Spicers Board believes it may also broaden investor and analyst interest in Spicers, thus enhancing trading liquidity in Spicers ordinary shares. This may also assist in improving Spicers' equity market based valuation;
- Removal of dividend-paying constraints imposed by the existing capital structure, enabling a new Spicers Board to consider paying ordinary share dividends in the future;
- Enabling Spicers to undertake a full range of commercial and financial activities beyond its current capabilities;
- Removing the uncertainties caused by the existing capital structure will enable the Spicers Board and management to focus without distraction on Spicers' performance and delivering its strategy;
- Improving confidence and removing perceptions of counterparty risk among Spicers' key stakeholders including customers, suppliers and financiers; and
- Eliminating the complexity and administrative cost of maintaining the SPS Trust structure.

Importantly, the structure of the proposed transaction allows the two sets of security holders to have a say in the outcome by requiring respective votes on the Trust Scheme and the issue of the Trust Scheme Consideration. The capital structure of Spicers will only be unified and simplified if both sets of security holders vote in favour of those resolutions with the requisite majorities.

## Timetable

The timetable for the proposed transaction is set out below.

<b>Timetable Event</b>	<b>Expected Date</b>
Shareholder Meeting and Trust Scheme Meetings, to be held at Computershare Investor Services Pty Ltd, Level 4, 60 Carrington Street, Sydney NSW 2000 Australia	14 June 2017
Second court date (for second Judicial Advice in relation to the Trust Scheme)	20 June 2017
Effective date (the day of the second court date)	20 June 2017
Record date (the date for determining entitlements to the Trust Scheme Consideration)	22 June 2017
Implementation date (the date on which PaperlinX SPS Trust units will be transferred to Spicers and the Trust Scheme consideration, being new Spicers ordinary shares, will be issued)	27 June 2017
Trading of new Spicers ordinary shares commences on a normal settlement basis	28 June 2017

**Advisors**

Spicers is being advised by SLM Corporate as financial advisor and Arnold Bloch Leibler as legal advisor in relation to the proposed transaction.

**For further information contact:****Investor queries:**

Wayne Johnston, Finance Director & CFO, Spicers Limited  
Tel: +61 3 9768 8393

**Media queries:**

Tim Duncan, Hintons  
Tel: +61 3 9600 1979

**About Spicers Limited (SRS)**

*Spicers Limited is a merchant group with market leading positions in Australia, New Zealand and Asia. Spicers offers a full 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.*

**About PaperlinX SPS Trust (PXUPA)**

*PaperlinX Step-up Preference Securities are perpetual, preferred units in the PaperlinX SPS Trust which was established in 2007 to raise funds for the PaperlinX group. The SPS units are listed on the Australian Securities Exchange. An investment in PaperlinX SPS Trust is not a direct investment in Spicers Limited (formerly PaperlinX Limited).*