

**CROSS RELEASE PXUPA
ASX RELEASE**

11 October 2016

SPICERS TO PROPOSE RESOLUTION OF CAPITAL STRUCTURE

Spicers Limited (“Spicers” or the “Company”) announces that it has been in discussions with The Trust Company (RE Services) Limited (the “RE”), the responsible entity of the PaperlinX SPS Trust (“SPS”), regarding a proposed transaction to simplify the Spicers’ capital structure, and yesterday tabled a non-binding, conditional proposal. Such a transaction would align the interests of the Spicers ordinary shareholders and SPS unitholders, and therefore resolve several constraints that the current structure places on the Company.

If implemented, the transaction would see Spicers acquiring the remaining PaperlinX Step-up Preference Securities (“SPS Units”) not already held by Spicers by issuing 545 Spicers ordinary shares in exchange for each SPS Unit held by eligible SPS unitholders.

The transaction would be effected by inter-conditional schemes of arrangement (a share scheme for Spicers and a trust scheme for SPS), which must be approved by the Court and by the requisite majorities of Spicers shareholders and SPS unitholders. A successful transaction would result in the SPS Trust (ASX: PXUPA) being delisted from the ASX and the ordinary share class (ASX: SRS) would become the sole equity instrument of the Company.

At the close of trade on 10 October 2016, the proposed transaction would represent:

- a 51.4% premium to the last SPS unit closing price of \$9.00 (based on an ordinary share price of \$0.0250);
- a 43.1% premium to the SPS unit 30-day Volume Weighted Average Price (“VWAP”) of \$10.05 (based on an ordinary share price of \$0.0264); and
- a 55.5% premium to the SPS unit 60-day VWAP of \$9.76 (based on an ordinary share price of \$0.0278 cents).

Implementation of the proposed transaction would create a unified and simplified capital structure. The Spicers Board believes such a structure may assist the Company in its operational turnaround. For example, Spicers may benefit by being able to raise capital and consider acquisitions beyond its current capabilities.

More generally, the Company would be able undertake the full range of financial and commercial activities that most listed entities take for granted. A unified capital structure should also provide operational benefits from reduced complexity and lower overheads as costs attributable to maintaining the SPS trust structure are removed.

Discussions with the RE are ongoing. Further information will be announced to ASX by the Company when this is available.

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

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About Spicers Limited (SRS)

Spicers (formerly PaperlinX 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, digital media, sign & display, hardware, labels and industrial packaging offerings.