

Spicers Limited Scheme Meeting

26 June 2019

Jonathan Trollip

Chairman, Spicers Limited

Overview of the Transaction

- The purpose of this Scheme Meeting and the Special General Meeting to follow is to consider and, if thought fit, approve the proposed transaction for the acquisition of Spicers Limited by Kokusai Pulp & Paper Co., Ltd. ('KPP'), as described in the Explanatory Booklet
- The transaction has two components:
 - Scheme of arrangement ('**Scheme**'), under which KPP will acquire all of the shares of Spicers to be voted on at this Scheme Meeting
 - Interconditional return of capital to shareholders ('**Capital Return**'), to be voted on at the Special General Meeting to follow
- Spicers shareholders are currently **expected to receive a total cash consideration in the range of \$0.070 (7.0 cents) to \$0.072 (7.2 cents)** per share as follows:
 - Base Scheme Consideration of \$0.043 (4.3 cents) payable by KPP; and
 - Capital Return Consideration currently estimated to be in the range of \$0.027 (2.7 cents) to \$0.029 (2.9 cents)
- Spicers Shareholders have received an Explanatory Booklet including notices convening today's meetings and personalised proxy forms

Directors' Recommendation

- Your Directors unanimously recommend that you **vote in favour of the Scheme and the Capital Return** at today's meetings
- Further reasons to vote in favour:
 - The currently expected Total Consideration represents an **attractive premium** to the trading levels of Spicers Shares on ASX prior to the transaction announcement on 17 January 2019
 - Provides Spicers Shareholders the **certainty of a cash payment** for their Spicers Shares
 - The price of Spicers Shares is likely to fall in the near term if the Transaction is not implemented
 - **No brokerage and stamp duty is payable** by Spicers Shareholders
 - Opportunity for Spicers Shareholders to access **full liquidity** in the disposal of their Spicers Shares
 - With global pulp and paper operations, and as a business partner of Spicers for many years, KPP is a **natural owner for Spicers**

- The Spicers Board appointed Pitcher Partners as the Independent Expert to assess the merits of the Scheme
- The Independent Expert has concluded that the Scheme is **fair and reasonable** and therefore in the best interest 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 expected total cash consideration in the **range of \$0.070 (7.0 cents) to \$0.072 (7.2 cents)** per Scheme Share is within the Independent Expert's assessed valuation range

Transaction Timetable

If the Scheme is approved by Spicers Shareholders at the Scheme Meeting	
<p>Second Court Date</p> <p>For approval of the Scheme</p>	3 July 2019
<p>Effective Date</p> <p>The date on which the Scheme becomes Effective and is binding on Spicers Shareholders</p> <p>The Court order will be lodged with ASIC and announced on ASX</p> <p>Last day of trading in Spicers Shares – Spicers suspended from trading on ASX from close of trading</p>	3 July 2019
<p>Record Date</p> <p>All Spicers Shareholders who hold Spicers Shares on the Record Date will be entitled to receive the Scheme Consideration and the Capital Return Consideration</p>	7.00pm (Melbourne time) on 8 July 2019
<p>Implementation Date</p> <p>Date on which Base Scheme Consideration and Capital Return Consideration will be sent to Scheme Shareholders</p>	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.

Scheme Resolution

- The purpose of this Scheme Meeting is to consider and, if thought fit, to 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.”

Proxy Results – Scheme Meeting



Summary of Proxy Votes	For	Against	Abstain / Undirected	Total valid securities voted
Votes	1,420,466,562	3,490,338	835,284	1,424,534,542
% of total valid securities voted	99.71%	0.25%	0.06%	

'For' votes also include votes 'open-usable' to the Chairman of the Meeting.

'Undirected' votes are 'open-usable' votes given to persons other than the Chairman of the Meeting.

Total valid securities voted does not include 'abstain' votes.

Spicers Limited

Special General Meeting

26 June 2019

Overview of the Capital Return

- Vote on the proposed interconditional equal reduction of the share capital of Spicers (**‘Capital Return’**)
- Capital Return Consideration is **currently expected to be in the range of \$0.027 (2.7 cents) to \$0.029 (2.9 cents) per share**
- The total amount to be returned is currently expected to be in the range of \$58.0 million to \$62.0 million comprising:
 - Asian operations net sale proceeds of \$22.2 million;
 - Tasmanian properties net sale proceeds of \$4.4 million;
 - Singapore Property net sale proceeds of \$10.4 million (including the return of the escrow amount of \$0.3 million); and
 - expected excess net cash in the range of \$20.8 million to \$25.5 million
- The final Capital Return Consideration will be announced to ASX and on Spicers’ website
- ASX has granted Spicers a waiver from ASX Listing Rule 7.25 which is one of the conditions of the Capital Return Resolution

Capital Return Resolution

- The purpose of this Special General Meeting is to consider and, if thought fit, to pass the following resolution:

“That, subject to the satisfaction of the following conditions:

- the Scheme becoming Effective; and*
- 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.”

Proxy Results – Special General Meeting Spicers

Summary of Proxy Votes	For	Against	Abstain / Undirected	Total valid votes cast
Votes	1,333,672,950	3,171,572	537,703	1,337,266,352
% of valid votes cast	99.73%	0.24%	0.04%	

'For' votes also include votes 'open-usable' to the Chairman of the Meeting.

'Undirected' votes are 'open-usable' votes given to persons other than the Chairman of the Meeting.

Total valid securities voted does not include 'abstain' votes.