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CROSS RELEASE PXU**5 February 2014****Off-market takeover bid by PaperlinX Limited for
PaperlinX SPS Trust (ASX Code: PXU)****Clarification of ASX Announcement made on 3 February 2014 - value of Offer**

We refer to the off-market takeover bid (**Offer**) by PaperlinX Limited (**PaperlinX**) under Chapter 6 of the *Corporations Act 2001* (Cth) (**Corporations Act**) for all of the step-up preference securities in the PaperlinX SPS Trust.

On 3 February 2014, PaperlinX announced that the Offer is now final and unconditional, included accelerated payments terms for the Offer and attached a letter from the PaperlinX Chairman (**Chairman's Letter**) to the announcement.

After discussions with PaperlinX SPS Trust, PaperlinX wishes to clarify the statement made in the Chairman's Letter regarding the value of the Offer relative to the closing price of the PaperlinX SPS Units by replacing the second last paragraph on page 1 of the letter with the following:

"The PaperlinX Board believes that the Offer is attractive, taking into account the relative market value of the PaperlinX SPS Units and the PaperlinX Shares. The implied value of the Offer as at 31 January 2014, the last trading day prior to declaring the Offer final and unconditional, was \$10.50 per PaperlinX SPS Unit and represents a 10.5% premium to the closing price of the PaperlinX SPS Units on this day. The implied value of the Offer as at the last trading day prior to the Announcement Date¹ was \$14.00 per PaperlinX SPS Unit and represents a premium of 72.8% to the closing price of PaperlinX SPS Units on 20 August 2013, the date on which PaperlinX announced it was exploring a scrip based merger between itself and PaperlinX SPS Trust."

The revised Chairman's Letter is attached to this announcement and will be sent to PaperlinX SPS Unitholders shortly.

For further information, please contact:**Investors****Wayne Johnston****Deputy Chief Financial Officer and****Executive General Manager Corporate Services****PaperlinX Limited****Phone : +61 (3) 9764 7393****Media****Felicity Allen****Newgate Communications****phone : +61 413 946 701**

¹ the Announcement Date was 18 October 2013

3 February 2014

Dear PaperlinX SPS Unitholder,

On 18 October 2013, PaperlinX announced its intention to make an off-market takeover offer for all of the PaperlinX step-up preference securities (**PaperlinX SPS Units**) in the PaperlinX SPS Trust. PaperlinX is offering you 250 PaperlinX Shares for every PaperlinX SPS Unit you hold (**Offer**).

The PaperlinX Board has now declared the Offer **final and unconditional**. This means that the Offer of **250 PaperlinX Shares for every PaperlinX SPS Unit** you hold will not be increased and will close at **7pm (Sydney time) on 28 February 2014**. This closing date will not be extended.

Accelerated Payment Terms

PaperlinX will provide the Offer consideration on an accelerated basis for unitholders as follows:

- PaperlinX SPS Unitholders (other than Ineligible Foreign Unitholders) who have already validly accepted the Offer or accept before 7.00 pm (Sydney time) on Friday 7 February 2014 will be issued their consideration PaperlinX Shares by Tuesday 18 February 2014.
- PaperlinX SPS Unitholders (other than Ineligible Foreign Unitholders) who accept the Offer after 7.00 pm (Sydney time) on Friday 7 February 2014 will be issued their consideration PaperlinX Shares within 7 business days of their valid acceptance being received.

Due to the nominee procedure for Ineligible Foreign Unitholders, such unitholders who accept will receive their consideration in accordance with the terms and statutory deadline set out in the Bidder's Statement.

Board urges PaperlinX SPS Unitholders to accept

The Board strongly supports the view that a simplification of PaperlinX's capital structure is in the best interests of both PaperlinX SPS Unitholders and PaperlinX's Shareholders and is fundamental in unlocking value and accelerating PaperlinX's ability to successfully implement an operational turnaround and introduce company transforming initiatives.

The PaperlinX Board believes that the Offer is attractive, taking into account the relative market value of the PaperlinX SPS Units and the PaperlinX Shares. The implied value of the Offer as at 31 January 2014, the last trading day prior to declaring the Offer **final and unconditional**, was \$10.50 per PaperlinX SPS Unit and represents a 10.5% premium to the closing price of the PaperlinX SPS Units on this day. The implied value of the Offer as at the last trading day prior to the Announcement Date¹ was \$14.00 per PaperlinX SPS Unit and represents a premium of 72.8% to the closing price of PaperlinX SPS Units on 20 August 2013, the date on which PaperlinX announced it was exploring a scrip based merger between itself and PaperlinX SPS Trust.

Events since then have continued to highlight the complexity of the relationship and the conflicting rights between PaperlinX and the PaperlinX SPS Trust.

¹ the Announcement Date was 18 October 2013

Full acceptance of the Offer would result in PaperlinX SPS Unitholders owning approximately 54% of the combined PaperlinX Group in aggregate and, as PaperlinX shareholders, being able to share in any benefits achieved. These benefits were outlined in detail in our Second Supplementary Bidder's Statement issued on the 24 December 2013, which is available on PaperlinX's website at www.paperlinx.com.

On 23 December 2013, PaperlinX announced further details on the progress of its restructure strategy and reaffirmed its market guidance that it expects to be marginally profitable at the underlying EBIT level for the FY 2014.

The Offer has now been declared **final and unconditional**. PaperlinX SPS Unitholders have a last opportunity to consider the Offer and make their decision. The offer cannot be increased and will close at **7pm (Sydney time) on 28 February 2014**.

If you have questions or require assistance please contact our information line on 1300 396 150 (local call cost for callers within Australia) or + 61 3 9415 4261 (callers outside Australia), Monday to Friday between 8.30am and 5.30pm (Sydney time).

PaperlinX currently holds voting power in 2.29% of the PaperlinX SPS Trust. A copy of the notice under section 650F of the Corporations Act, which declares the offer is freed from all defeating conditions is attached.

The Board believes that the Offer is attractive and strongly encourages you to accept it as soon as possible.

Yours sincerely



Robert Kaye SC
Chairman
PaperlinX Limited

PaperlinX Limited (ACN 005 146 350)

Notice freeing Offer from conditions under section 650F of the Corporations Act

To: The Trust Company (RE Services) Limited (ACN 003 278 831), as responsible entity of the PaperlinX SPS Trust (ARSN 123 839 814) (**Target**)

And to: ASX Limited (**ASX**)

This notice is given by PaperlinX Limited (**PaperlinX**) in relation to the offer made by PaperlinX in the bidder's statement (**Bidder's Statement**) dated 5 December 2013 (**Offer**), as supplemented by supplementary bidder's statements dated 20 December 2013 and 24 December 2013, for all of the step-up preference securities in the Trust.

PaperlinX gives notice under section 650D of the *Corporations Act 2001 (Cth)* that that:

- (a) it declares the Offer and any takeover contract arising from acceptance of the Offer free from the conditions set out in clause 10.12(b) and 10.12(c) of the Bidder's Statement, being all the conditions which have not already been fulfilled; and
- (b) as at the date of this notice, PaperlinX has voting power in the Target of 2.29%.

Unless the context requires otherwise, defined terms in this notice have the same meaning as in the Bidder's Statement.

This notice is dated 3 February 2014.

Signed for and on behalf of PaperlinX Limited



Robert Kaye SC
Director
PaperlinX Limited