

CROSS RELEASE PPX

6 February 2014

PaperlinX SPS Trust ARSN 123 839 814 ASX Announcement – Market Update

The Responsible Entity for the PaperlinX SPS Trust notes that on 3 February 2014 PaperlinX Limited declared its takeover offer for all the PaperlinX SPS Units in the PaperlinX SPS Trust (**Offer**) final and unconditional.

The Directors of your independent Responsible Entity for the PaperlinX SPS Trust have written to unitholders reconfirming their recommendation to **REJECT THE OFFER** and **DO NOTHING** in relation to all documentation sent by PaperlinX. A copy of the letter to unitholders is attached to this announcement.

The letter will be distributed to unitholders shortly.

Further information

For further information during the offer period please call the Offer Information Line on 1800 857 303 or +61 2 8256 3366 (callers outside Australia).

Ends

ASX
RE
THE
TRUST
COMPANY



**THE
TRUST
COMPANY**

The Trust Company
(RE Services) Limited
ABN 45 003 278 831
AFSL 235150

6 February 2014

Dear PaperlinX SPS Unitholder,

REJECT PaperlinX's Offer and ignore any documents sent to you by PaperlinX

As you are aware, PaperlinX Limited (**PaperlinX**) has made a takeover offer for all of the PaperlinX SPS Units of the PaperlinX SPS Trust (**Offer**), which your independent Responsible Entity has recommended that you reject.

On 3 February 2014 PaperlinX declared its Offer to be final and unconditional. PaperlinX is now prohibited from making any further changes to the terms of the Offer. This means that the Offer consideration, of 250 PaperlinX Shares for each PaperlinX SPS Unit, cannot be increased.

PaperlinX also announced that it will not extend the Offer period beyond the closing date of 7pm (Sydney time) on 28 February 2014. As a result, the Offer will close on 28 February 2014 unless PaperlinX's voting power in the PaperlinX SPS Trust increases to more than 50%, in which case the Offer period will be automatically extended for a period of 14 days from the date on which PaperlinX's voting power first increased to above 50%.

Unitholders (other than Ineligible Foreign Unitholders) who accept the Offer will receive their Offer consideration on the accelerated basis detailed in PaperlinX's ASX announcement of 3 February 2014. Ineligible Foreign Unitholders who accept the offer will receive their Offer consideration in accordance with the terms set out in PaperlinX's Bidder's Statement.

No change to recommendation

The Directors of your independent Responsible Entity reconfirm their recommendation to **REJECT THE OFFER** and **DO NOTHING** in relation to all documentation sent to you by PaperlinX.

Reasons to REJECT

As previously indicated, your Directors believe the key reasons you should **REJECT THE OFFER** are:

1. There is considerable uncertainty regarding the financial and operational position of PaperlinX. Exchanging your PaperlinX SPS Units for PaperlinX Shares is not prudent at this time;
2. The Offer appears to be materially inadequate, irrespective of the historic takeover premia quoted by PaperlinX in its letter of 3 February 2014;
3. The Offer ratio of 250 PaperlinX Shares for every PaperlinX SPS Unit is too low and does not give you a fair share in the enlarged pro forma PaperlinX share capital;
4. Value may be better reflected in the PaperlinX SPS Units if and when PaperlinX delivers on its turnaround strategy;
5. The Offer Consideration does not compensate PaperlinX SPS Unitholders for unpaid distributions; and
6. Benefits from the Offer are unlikely unless there are high levels of acceptances.

These reasons are discussed in detail in the Target's Statement and the Second Supplementary Target's Statement. The Directors urge you to consider these documents in full.

Further information

For further information during the offer period please call the Offer Information Line on 1800 857 303 or +61 2 8256 3366 (callers outside Australia).

Signed on behalf of the Responsible Entity:



David Grbin
Director