



Bid to calm PaperlinX investors

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Trust Company, the responsible entity for the PaperlinX hybrid, has moved to allay investor fears over the valuation of their instruments as PaperlinX assesses a takeover bid from an unknown private equity firm.

But the responsible entity has declined to release the independent expert's report, which some hybrid holders believe recommended the write-down of PaperlinX hybrids from the initial price of \$100 per security to \$34. In a statement yesterday, Trust, as the independent responsible entity of the PaperlinX SPS Trust, said it was speaking with PaperlinX regarding the incomplete, indicative, conditional and non-binding proposal from an unnamed private equity group to buy all the issued capital and hybrids.

"Trust is committed to ensure SPS holders rights are appropriately recognised in any proposal that might be advanced," it said.

"However, as noted in PaperlinX's

announcement, there is no certainty that such a proposal will be advanced or approved by PaperlinX shareholders or SPS holders."

PaperlinX informed the market on December 23 of the private equity approach. Trust Company declined to make any further comment yesterday.

The statement comes after *The Australian Financial Review* revealed yesterday that a group of hybrid holders, representing about 15 per cent of hybrids on issue, is pressing Trust executives about the value of their investment.

Trust chief executive John Atkin and chief financial officer David Grbin as well as hybrid holders Gaby Berger, Brad Newcombe and Graham Critchley, are scheduled to meet with the group tomorrow.

Hybrid holders want Trust to release the expert's report that apparently devalues their investment and also want to ensure their views on the proposed bid for PaperlinX were understood, according to Mr Berger, who owns 59,000 PaperlinX hybrids. They

might also push Trust to call an extraordinary general meeting to ensure all hybrid holders have the opportunity to express their view.

Mr Newcombe, a former director at fixed income specialist FIIG who owns 6000 PaperlinX hybrids, said Trust's statement was a step in the right direction. "Considering where [hybrid holders] sit in the capital structure, we're going to want more than [the \$21.85 proposed under the offer being considered]," he said.

PaperlinX shares closed unchanged yesterday at 7¢ while PaperlinX hybrids closed 70¢ higher at \$17.50.

KEY POINTS

- Trust Co says it will look after the rights of PaperlinX hybrid holders.
- Hybrid holders want Trust to release the expert's report that apparently devalues their investment.