



## ASX RELEASE

11 November 2009

### SP Telemedia Limited to acquire PIPE Networks Limited

SP Telemedia Limited (ASX: SOT) ("SPT") and PIPE Networks Limited (ASX: PWK) ("PIPE") have entered into a Merger Implementation Agreement under which it is proposed that SPT acquire all of the shares outstanding in PIPE via a Scheme of Arrangement ("Scheme") for \$6.30 cash per share ("SPT Proposal").

PIPE's Board of Directors unanimously recommends that PIPE shareholders vote in favour of all resolutions to be proposed at the Scheme meeting in relation to the Scheme and approve the Scheme, in the absence of a superior proposal and subject to the Independent Expert opining in its final report to PIPE for inclusion in the Scheme Booklet that the Scheme is in the best interests of PIPE shareholders.

In recommending the SPT Proposal, PIPE'S Board of Directors notes that the SPT Proposal:

- Values PIPE's equity (assuming all share options over PIPE shares are exercised) at approximately \$373 million;
- Offers PIPE shareholders a price per share that is greater than PIPE's closing share price at any point since its listing; and
- Represents a 15% premium to PIPE's volume weighted average price over the last 3 months and a 29% premium to PIPE's volume weighted average price over the last 6 months.

The transaction is subject to completion of due diligence by SPT by 11 December 2009 and confirmation of funding by SPT by 18 December 2009, amongst other customary conditions precedent. A summary of the key terms of the Merger Implementation Agreement is attached in Attachment A. A full copy of the Merger Implementation Agreement is attached in Attachment B.

The SPT Proposal follows an unconditional placement by PIPE of 2.8 million shares to SPT at \$6.30 on 9 November 2009.

Mr Bevan Slattery and Mr Stephen Baxter, who are both directors of PIPE and together own approximately 27 per cent of PIPE shares outstanding, have agreed to grant SPT call options over a portion of their respective shareholdings which, together with its placement shares, gives SPT a relevant interest in 19.9% of PIPE shares as at the date of this announcement.

SPT Executive Chairman Mr David Teoh said the transaction will position SPT as a fully-integrated telecommunications company with a broad spectrum of offerings and a major role in Australia's telecommunications industry.

"PIPE's extensive metropolitan dark fibre network will increase SPT's capabilities as a data communications provider. In addition, PPC-1 gives us a competitive advantage with access to international bandwidth, allowing us to offer highly attractive products to both existing and new customers. We expect synergies to flow by bringing more SPT customers 'on-net', as well as enhancing our corporate offering and delivering exciting new products to our customers."

PIPE Chairman Mr. Roger Clarke said that the SPT Proposal provides an opportunity for shareholders to realise the significant gains on their investment in PIPE.

"Having explored a number of strategic options, I am delighted that the Board is now in a position to recommend the SPT Proposal, in the absence of a superior proposal and subject to the Independent Expert opining in its final report to PIPE for inclusion in the Scheme Booklet that the Scheme is in the best interests of PIPE's shareholders."

The Scheme is subject to the approval of PIPE's shareholders at a Scheme meeting to be held most likely in March 2010, and the approval of the Court.

The indicative timetable for the implementation of the Scheme is as follows:

Event	Target Date
Scheme Booklet and Notice of Scheme Meeting sent to Shareholders	February 2010
Scheme Meeting for Shareholders, followed by Court Hearing	March 2010
If Scheme approved, payment of \$6.30 cash per share	Late March/ early April 2010

Minter Ellison is advising SPT and Macquarie Capital Advisers and Clayton Utz are advising PIPE.

### ***ENDS***

Attachment A – Key terms of the Merger Implementation Agreement

Attachment B - Merger Implementation Agreement

For more information, contact SPT or PIPE using the following details:

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Company Secretary  
Ph: +61 2 9850 0800
- PIPE     Mr Bevan Slattery  
Managing Director  
Ph: +61 7 3233 9800

## About SP Telemedia

SP Telemedia Limited (ASX: SOT) is an innovative market leader in the Australian telecommunications industry listed on the Australian Stock Exchange since 2001. In 2008 a merger with TPG Holdings Pty Ltd joined the brands of TPG and Soul to form a group with annual revenue approaching approximately \$500m and generating strong profits.

With sustained growth the company has become a dynamic and integrated force providing innovative voice, internet and data solutions through one of the largest networks in Australia. The company's own network infrastructure has significant investment being built from a broadcast television base, and today includes fixed line, fibre and wireless services connecting voice customers with call collection areas throughout Australia and data and internet customers with more than 330 exchange areas.

## About PIPE Networks

PIPE Networks Limited (ASX:PWK) is a leading facilities-based telecommunications service provider in Australia. The company owns the third largest metropolitan fibre optic network in Australia connecting to key strategic IT infrastructure locations.

Since its inception in 2002, the company has delivered sustainable revenue and profitability growth by offering reliable and cost effective dark fibre, managed ethernet, telehousing and peering products to internet service providers (ISPs), corporate customers and Government departments

The company recently completed PIPE Pacific Cable (PPC-1) submarine cable system between Sydney and Guam through its subsidiary PIPE International which provides secured and fast international bandwidth from Australia to the USA and Asia.

For further information please visit [www.pipenetworks.com.au](http://www.pipenetworks.com.au) or [www.pipeinternational.com](http://www.pipeinternational.com)

## Attachment A

### Key terms of the Merger Implementation Agreement

<b>Summary</b>	<p>SP Telemedia Limited (ASX: SOT) ("SPT") and PIPE Networks Limited (ASX: PWK) ("PIPE") have entered into a Merger Implementation Agreement ("MIA").</p> <p>The MIA sets out the obligations of SPT and PIPE in relation to a Scheme of Arrangement to be proposed to PIPE shareholders. A summary of the key terms of the MIA is provided below.</p>
<b>Consideration</b>	<p>\$6.30 cash per share</p>
<b>Conditions Precedent</b>	<p>Implementation of the Scheme is subject to the satisfaction or waiver of a number of conditions precedent including the following:</p> <ul style="list-style-type: none"><li>▪ SPT to satisfactorily complete due diligence by 11 December 2009</li><li>▪ SPT to enter a financing agreement with a financier by 18 December 2009 in relation to the consideration payable under the Scheme</li><li>▪ Regulatory approvals including ASIC and ASX (if necessary), and the US Department of Homeland Security and Federal Communications Commission</li><li>▪ PIPE shareholders' approval at the Scheme Meeting by the majorities required under the Corporations Act</li><li>▪ No restraints or prohibitions issued by any regulatory, judicial or government authority that would prevent the implementation of the Scheme</li><li>▪ No "PIPE Material Adverse Event" as stipulated in the MIA has occurred</li><li>▪ No "PIPE Prescribed Occurrence" as stipulated in the MIA has occurred</li><li>▪ All representations and warranties given by SPT and PIPE to each other in the MIA remain true and correct</li><li>▪ All PIPE options have lapsed or been exercised</li><li>▪ Each and every one of SPT's funding conditions have been satisfied or waived</li><li>▪ On no day between the date of the MIA and the Business Day prior to the Second Court Date is the S&amp;P/ASX300 Index at the close of trading for the previous five days 15% or more below its level as at the close of trading on the date of the MIA</li></ul>
<b>Termination Rights</b>	<p>Either party can terminate the MIA by notice in writing to the other party if:</p> <ul style="list-style-type: none"><li>▪ The Scheme has not been implemented by 30 April 2010</li><li>▪ The defaulting party is in material breach of a provision of the MIA and it remains unremedied after 5 Business Days</li><li>▪ PIPE's shareholders do not approve the Scheme at the Scheme Meeting</li><li>▪ A Court or Regulatory Authority has issued an order restraining or prohibiting the transaction and the action is final</li><li>▪ There is a breach or non-fulfilment of a Condition Precedent which is not waived and PIPE and SPT cannot reach agreement as to an alternative way forward after consulting in good faith</li></ul> <p>SPT may also terminate the MIA by notice in writing to PIPE if:</p> <ul style="list-style-type: none"><li>▪ PIPE is in breach of any representation or warranty that cannot be remedied and was of a kind that had it been disclosed to SPT prior to SPT's agreement to the MIA, it could reasonably be expected to have resulted in SPT either not entering into the MIA or entering into the MIA on materially different terms, or the breach amounts or could reasonably be expected to amount to a PIPE Material Adverse Event</li><li>▪ A PIPE Director's recommendation is withdrawn or the PIPE Director makes a public statement indicating that support for the Scheme has been withdrawn</li><li>▪ SPT fails to obtain financing by 18 December 2009</li></ul> <p>PIPE may terminate the MIA by notice in writing to SPT if:</p> <ul style="list-style-type: none"><li>▪ SPT is in breach of any representation or warranty that cannot be remedied and was of a kind that had it been disclosed to PIPE prior to PIPE's agreement to the MIA, it could reasonably be expected to have resulted in PIPE either not entering into the MIA or</li></ul>

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- entering into the MIA on materially different terms
  - All of PIPE's Directors have changed or withdrawn their recommendation
  - SPT fails to obtain financing by 18 December 2009
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**Exclusivity**

PIPE must ensure the following during the period from the date of agreement of the MIA to the earlier of the termination of the MIA and 30 April 2010:

**No shop**

Neither PIPE nor any of its representatives shall directly or indirectly solicit, invite, encourage or initiate any enquiries, negotiations, discussions or proposals, or communicate any intention to do any of these things, which may reasonably be expected to lead to a Competing Transaction

**No talk**

Subject to certain limitations (discussed below), neither PIPE nor any of its representatives shall directly or indirectly negotiate, enter into or participate in negotiations or discussions with any person or communicate any intention to do any of these things, which may reasonably be expected to lead to a Competing Transaction or the Scheme not proceeding

**Limitations to no-talk**

The no-talk restriction referred to above does not apply to the extent it restricts PIPE from taking or refusing to take any action with respect to a Competing Transaction where the Competing Transaction is bona fide and has been made by a person of reputable commercial standing and the PIPE Board have determined in good faith and acting reasonably after consultation with PIPE's independent financial adviser and receiving written advice from its external legal advisers, that to do so would more likely than not constitute a breach of the PIPE Directors' fiduciary duties or statutory obligations

**Rival Bidder and Right to Respond**

During the no-talk and no-shop period, PIPE must promptly notify SPT of any approach or intention on the part of any person to initiate discussions with PIPE with respect to a Competing Transaction. If any PIPE Director wishes to approve or recommend entry into any agreement, commitment, arrangement or understanding relating to a Competing Transaction, then before that Director does so PIPE must give SPT notice in writing of PIPE's intention to enter into an agreement or understanding relating to the Competing Transaction, including all material details including the identity of the person or persons, the terms and conditions of any Competing Proposal and the circumstances in which any information is provided to the Rival Bidder.

SPT then has the right to offer to amend the terms of the Scheme, make a takeover bid for PIPE or propose any other form of transaction within three business days. PIPE and the PIPE Board must review the counterproposal from SPT in good faith and if it is deemed more favourable to PIPE and its shareholders, then the parties must negotiate in good faith to enter into an amended agreement in relation to the Scheme, or if another form of transaction is contemplated, then the PIPE Board must promptly announce to the market that they unanimously recommend the Counterproposal (subject to certain qualifications).

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**Break Fee**

A break fee of \$3.7 million is payable by PIPE to SPT in certain circumstances including where:

- Any PIPE Director fails to recommend the Scheme, makes any public statement or takes any action that contradicts his recommendation, qualifies their support of the Transaction or withdraws his recommendation, or recommends against the Transaction other than as
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a result of the Independent Expert opining that the Scheme is not in the best interest of PIPE Shareholders and the Scheme not having become effective by 30 April 2010

- The Court fails to approve the Scheme as a result of material non-compliance by PIPE with any of its obligations under the MIA
  - The Scheme has not become effective by 30 April 2010 as a consequence of non-compliance by PIPE with any of its obligations under the MIA
  - A Competing Transaction is announced by 30 April 2010 and results in another person obtaining control of or merging with PIPE within 6 months of it being announced, or within 3 months of the Competing Transaction being announced the PIPE Directors unanimously recommend it in the absence of a superior proposal and no superior proposal is subsequently announced by SPT
  - A PIPE Material Adverse Event or Prescribed Occurrence occurs and SPT terminates the MIA as a result.
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Attachment B  
Merger Implementation Agreement

For personal use only

Execution copy

# Merger Implementation Agreement

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PIPE Networks Limited (**PIPE**)

SP Telemedia Limited (**SPT**)

## MinterEllison

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L A W Y E R S

AURORA PLACE, 88 PHILLIP STREET, SYDNEY NSW 2000, DX 117 SYDNEY  
TEL: +61 2 9921 8888 FAX: +61 2 9921 8123  
[www.minterellison.com](http://www.minterellison.com)



# Merger Implementation Agreement

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# Details

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Date 11 November 2009

## Parties

Name **PIPE Networks Limited**  
ABN 21 099 104 122  
Short form name **PIPE**  
Notice details Level 9, PIPE Networks House  
127 Creek Street  
BRISBANE QLD 4000  
Facsimile: +61 7 3233 9880  
Attention: Louise Bolger

Name **SP Telemedia Limited**  
ABN 46 093 058 069  
Short form name **SPT**  
Notice details 65 Waterloo Road  
NORTH RYDE NSW 2113  
Facsimile: +61 2 9888 9148  
Attention: Alan Latimer

## Background

- A PIPE and SPT have agreed that SPT will acquire all of the PIPE Shares under the Scheme, subject to SPT finalising its due diligence investigations on PIPE and finalising its debt financing, and subject to the approval of the holders of the PIPE Shares and the Court.
- B At the request of SPT, PIPE intends to propose the Scheme and issue the Scheme Booklet.
- C PIPE and SPT have agreed to do the things required by this agreement in order to enable the Scheme to be proposed, approved and implemented.

# Agreed terms

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## 1. Defined terms & interpretation

### 1.1 Defined terms

In this document:

**Accounting Standards** has the meaning given in section 9 of the Corporations Act.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691.

**Break Fee** means \$3.7 million.

**Business Day** means:

- (a) for receiving a notice under clause 15, Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales or Queensland.

**Claim** means any obligation, debt, cause of action, disability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

**Competing Transaction** means any expression of interest, proposal or offer by a third party (other than SPT or its Related Entities) to evaluate or enter into any transaction that is similar to the Transaction or under which (other than as required or contemplated by the Scheme):

- (a) a person would acquire a relevant interest or voting power in 10% or more of PIPE Shares or of the securities of any of member of the PIPE Group;
- (b) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 10% or more of PIPE Shares or of the securities of any of member of PIPE Group;
- (c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or property of, PIPE or any member of the PIPE Group;
- (d) a person would acquire Control of PIPE or any member of the PIPE Group;
- (e) a person may otherwise acquire, or merge with, PIPE or any member of the PIPE Group (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure or joint venture); or
- (f) PIPE will issue, on a fully diluted basis, 10% or more of its capital as consideration for the assets or share capital or another person,

or any proposal by PIPE to implement any reorganisation of capital or dissolution. The variation of a proposal or offer constitutes a proposal or offer for the purposes of this definition.

**Conditions Precedent** means the conditions precedent set out in clause 5.1 of this agreement.

**Confidentiality Agreement** means the confidentiality deed between SPT and PIPE dated 17 August 2009.

**Control** has the meaning given in section 50AA of the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Counsel** means senior counsel engaged by each of PIPE and SPT in respect of the implementation of the Scheme.

**Counterproposal** is defined in clause 12.6(c).

**Court** means the Supreme Court of Queensland or such other court as is recommended by Counsel.

**DD Period** means the period from the date of this agreement until 6.00pm on 11 December 2009, or such earlier time as the parties agree.

**DD Reference Materials** means:

- (a) the information memorandum dated August 2009 prepared by PIPE and provided to SPT;
- (b) PIPE's annual report dated 28 September 2009 which was announced to ASX on 30 September 2009;
- (c) the 'Earnings Guidance and Market Update FY10' issued by PIPE and dated 25 June 2009 which was announced to ASX on 25 June 2009 (which includes guidance for PIPE for FY10 and only PPC-1 for FY11);
- (d) the 'Upgrade on Earnings Guidance for FY2010' issued by PIPE and dated 27 October 2009 which was announced to ASX on 27 October 2009;
- (e) the copies of the Chairman's and CEO's presentations relating to the 2009 Annual General Meeting of PIPE announced to ASX on 27 October 2009;
- (f) the management presentation dated 17 September 2009 prepared by PIPE and provided to SPT; and
- (g) the "Gilligan Data Room Index - Q&A Register" dated 7 September 2009 prepared by PIPE and provided to SPT.

**Deed Poll** means the deed poll substantially in the form of Annexure 2 subject to changes recommended by Counsel (or in such other form as agreed between PIPE and SPT).

**Effective** means, when used in relation to a Scheme, the order of the Court made under section 411(4)(b) in relation to the Scheme coming into effect pursuant to section 411(10) of the Corporations Act.

**Effective Date** means the date on which the Scheme becomes Effective.

**Exclusivity Period** means the period from and including the date of this agreement to the Sunset Date or the date this agreement is terminated, whichever is earlier.

**Explanatory Statement** means the statement pursuant to section 412 of the Corporations Act, which will be registered by ASIC in relation to the Scheme, copies of which will be included in the Scheme Booklet.

**Finance Period** means the period from the date of this agreement until 6.00pm on 18 December 2009, or such earlier time as the parties agree.

**Financial Indebtedness** means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or
- (f) obligation to deliver goods or provide services paid in advance by any financier, other than in the ordinary course of business.

**Funding Requirement** means SPT's obligation to pay the Scheme Consideration to Scheme Participants under the Scheme as contemplated by this agreement.

**GST** means a goods and services tax or similar value added tax levied or imposed under the GST Law.

**GST Law** has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Implementation Date** means the fifth Business Day after the Record Date.

**Independent Expert** means a person to be appointed by PIPE pursuant to clause 7.1(c) as independent expert to prepare a report to be provided to the PIPE Board and PIPE Shareholders to advise as to whether the Scheme is in the best interest of PIPE Shareholders.

**Insolvency Event** means in relation to a person:

- (a) the person is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act, or would be presumed to be insolvent if that Act applied;
- (b) the person suspends or threatens to suspend payment of its debts generally;
- (c) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party other than where the application or order (as the case may be) is set aside within 14 days;
- (d) the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager or other insolvency official (whether under Australian law or foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (e) the appointment of an administrator to the person;
- (f) the entry by a person into any compromise or arrangement with creditors; or
- (g) the person ceases or threatens to cease to carry on business.

**Listing Rules** means the official listing rules of ASX.

**Material Contract** means a contract or commitment in respect of the domestic business of PIPE, which is not entered into in the ordinary course of that business and requires total payments in excess of \$2 million; or any other type of contract or commitment agreed by the parties.

**Notice of Meeting** means the notice convening the Scheme Meeting together with the proxy forms for that meeting.

**PIPE Board** means the board of directors of PIPE.

**PIPE Director** means a director of PIPE.

**PIPE Group** means PIPE and its Related Entities.

**PIPE ESOP** means the PIPE Networks Executive Option Plan.

**PIPE Indemnified Parties** means PIPE, its Related Entities and each of their respective Representatives.

**PIPE Information** means all information contained in the Scheme Booklet, but does not include SPT Information or the Independent Expert's report that is included in or accompanies the Scheme Booklet.

**PIPE Material Adverse Event** means events or occurrences or matters that occur or fail to occur on or after the date of this agreement other than:

- (a) those required to be done or procured by PIPE pursuant to this agreement;
- (b) those relating to changes in business conditions affecting the Australian telecommunications sector generally;
- (c) those fairly disclosed, or that are reasonably apparent on the face of the document as reasonably likely to flow from an event, occurrence or matter that is fairly disclosed, in writing by PIPE to SPT before the date of this agreement,

that individually, or when aggregated with all such events, occurrences or matters, is or are reasonably likely to have the effect of:

- (d) diminishing the consolidated earnings before interest, tax, depreciation and amortisation of the PIPE Group by \$2.5 million or more;
- (e) diminishing the net profit after tax of the PIPE Group by \$2 million or more; or
- (f) diminishing the value of the net assets of the PIPE Group by \$5 million or more.

**PIPE Option** means an option to acquire a PIPE Share issued under the PIPE ESOP or otherwise.

**PIPE Prescribed Occurrence** means the occurrence of any of the following:

- (a) a member of the PIPE Group converting all or any of its securities into a larger or smaller number of securities;
- (b) a member of the PIPE Group resolving to reduce its capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its securities;
- (c) a member of the PIPE Group declaring, paying or distributing any dividend, bonus or other share of its profits or assets by way of dividend, capital reduction or otherwise (other than the dividend with a record date of 6 November 2009 as announced to ASX);



- (d) a member of the PIPE Group:
- (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (e) a member of the PIPE Group issuing securities, or granting an option (including a performance right) over its securities, or agreeing to make such an issue or grant such an option (including a performance right);
- (f) a member of the PIPE Group issuing or agreeing to issue, securities or other instruments convertible into securities (including any performance right) but excluding any issue of PIPE Shares upon the exercise of any PIPE Options in existence as at the date of this agreement;
- (g) a member of the PIPE Group making any change or amendment to its constitution;
- (h) a member of the PIPE Group, without first obtaining SPT's written consent:
- (i) acquiring or disposing of;
  - (ii) agreeing to acquire or dispose of; or
  - (iii) offering, proposing, announcing a bid or tendering for the acquisition of, any securities, business, intellectual property, assets (in the nature of a business or part of a business), interests in a joint venture, entity or undertaking the value of which exceeds \$2 million in aggregate other than the acquisition or disposal of any assets in the course of conducting its existing business, consistent with past practice or as publicly announced to the market prior to the date of this agreement;
- (i) SPT or PIPE becoming aware that, as a result of SPT acquiring PIPE Group under the Scheme, any person exercises its right (whether subject to conditions or not) to terminate or vary any material agreement with a member of the PIPE Group, the variation or termination of which is, or is likely to constitute, a PIPE Material Adverse Event;
- (j) other than in the ordinary course of business, a member of the PIPE Group providing financial accommodation other than to members of the PIPE Group irrespective of what form of Financial Indebtedness that accommodation takes;
- (k) a member of the PIPE Group entering into or agreeing to enter into a Material Contract without first obtaining SPT's prior written consent (which may not be unreasonably withheld or delayed);
- (l) an Insolvency Event occurs in relation to PIPE or any of its material Subsidiaries; or
- (m) a member of the PIPE Group making any significant change to its accounting practices or policies applied by it to report its financial position other than as a result of advice received from its auditors or to comply with the Accounting Standards,

provided that a Prescribed Occurrence will not include a matter:

- (i) which is required to be done or procured by PIPE pursuant to this agreement, the Scheme or the Share Subscription Agreement;
- (ii) the undertaking of which has been approved in writing by SPT; or
- (iii) that has been fairly disclosed in writing by PIPE to SPT before the date of this agreement.

**PIPE Registry** means the manager from time to time of the Register.

**PIPE Share** means one fully paid ordinary share in the capital of PIPE.

**PIPE Shareholders** means each person who is registered in the Register as the holder of PIPE Shares.

**Present and Future Financial Position, Financial Performance or Operations of the PIPE Group** means:

- (a) the present financial position, financial performance or operations of the PIPE Group, including for the financial year ended 30 June 2009;
- (b) the financial position and financial performance of the PIPE Group for the financial year ending 30 June 2010;
- (c) the financial position and financial performance of the international business operated by the PIPE Group (known as "PPC-1") for the financial year ending 30 June 2011.

**Public Announcement** means the public announcement to be made by PIPE and SPT in the form of Annexure 1.

**Record Date** means 5pm on the fifth Business Day following the Effective Date or such other date (after the Effective Date) as PIPE and SPT may agree in writing.

**Register** means the share register of PIPE kept pursuant to the Corporations Act.

**Regulator's Draft** means the draft of the Scheme Booklet in a form acceptable to both parties which is provided to ASIC pursuant to section 411(2) of the Corporations Act.

**Regulatory Approval** means any approval, clearance, consent, authorisation or other permit contemplated by clause 5.1(a).

**Regulatory Authority** includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under statute; and
- (d) in particular, ASX and ASIC.

**RG 60** means Regulatory Guide 60 issued by ASIC on 4 August 1999.

**RG 142** means Regulatory Guide 142 issued by ASIC on 4 August 1999.

**Regulatory Review Period** means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC provides a letter indicating whether or not it proposes to appear to make submissions, or will intervene to oppose the Scheme, when the application made to the Court for orders under section 411(1) of the Corporations Act convening the Meetings to consider the Scheme is heard.

**Related Entity** means in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

**Representatives** means, in relation to an entity:

- (a) each of the entity's Related Entities; and
- (b) each of its directors, officers, employees, contractors, advisers (including legal, financial and other expert advisers) and agents, but excluding the Independent Expert.

**Required Consultation Period** means the period commencing at the time both parties become aware that clause 5.8(a)(i) or 5.8(a)(ii), as the case may be, is triggered and ending on the earlier of:

- (a) the end of that day that is 5 Business Days after both parties become so aware ; and
- (b) 8.00am on the Second Court Date.

**Rival Bidder** is defined in clause 12.4.

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between PIPE and the PIPE Shareholders, the form of which is contained in Annexure 3 subject to changes recommended by Counsel, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by SPT and PIPE.

**Scheme Booklet** means the information to be despatched to all PIPE Shareholders and approved by the Court in connection with the Scheme, including the Scheme, the Explanatory Statement in respect of the Scheme, an independent expert's report prepared by the Independent Expert and the Notice of Meeting.

**Scheme Consideration** means:

- (a) subject to paragraph (b), \$6.30 cash for each PIPE Share held by a Scheme Participant; or
- (b) if the record date for any entitlement to be paid or participate in a dividend, distribution, return of capital or other entitlement occurs in respect of a PIPE Share after the date of this agreement but on or before the Implementation Date (which, for the avoidance of doubt, does not include the dividend with a record date of 6 November 2009 as announced to ASX before the date of this agreement), \$6.30 cash for each PIPE Share held by a Scheme Participant less the amount per PIPE Share of any such dividend, distribution, return of capital or entitlement.

**Scheme Meeting** means the meeting of the PIPE Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act. It includes any adjournment of that meeting.

**Scheme Participant** means each person who is a PIPE Shareholder as at 5:00pm on the Record Date, other than SPT.

**Second Court Date** means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

**Share Subscription Agreement** means the share subscription agreement between SPT and PIPE dated 4 November 2009.

**SPT Indemnified Parties** means SPT, its Related Entities and each of their respective Representatives.

**SPT Information** means the information about SPT described in, and provided to PIPE by SPT under, clause 7.3(a).

**Subsidiaries** has the meaning given in section 9 of the Corporations Act.

**Sunset Date** means 30 April 2010.

**Superior Proposal** means a bona fide, unsolicited written Competing Transaction received by PIPE after the date of this agreement which the PIPE Board determines, acting in good faith and

acting reasonably (after consultation with and the receipt of written advice from its external financial advisers and from its external legal adviser practising in the area of corporate law):

- (a) is reasonably capable of being valued and completed, taking into account all aspects of the Competing Transaction and the person making it; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to the PIPE Shareholders (as a whole) than the Scheme, taking into account all the terms and conditions of the Competing Transaction.

**takes effect or taking effect** means on and from the first time when an office copy of the Court order approving the Scheme pursuant to section 411(6) of the Corporations Act is lodged with ASIC pursuant to section 411(10) of the Corporations Act.

**Timetable** means the indicative timetable for the implementation of the Transaction set out in Annexure 4.

**Transaction** means the acquisition by SPT of all of the PIPE Shares by means of the Scheme in accordance with the terms of this agreement.

## 1.2 Interpretation

In this agreement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Sydney, Australia time;
- (g) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

- (m) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (n) any statement made by a party to the best of its knowledge, is made on the basis that the party has, in order to establish that the statement is true and not misleading in any respect:
- (i) made all reasonable enquiries of the officers, managers, employees and other persons who could reasonably be expected to have information relevant to the matters to which the statement relates; and
  - (ii) where those enquiries would have prompted a reasonable person to make further enquiries, made those further enquiries,
- and that, as a result of those further enquiries, the party has no reason to doubt that the statement is true and not misleading in any respect;
- (o) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- (p) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### **1.3 Headings**

Headings are for ease of reference only and do not affect interpretation.

## **2. Due diligence by SPT**

### **2.1 Enquiries by SPT**

At any time during the DD Period, SPT may require PIPE to provide any and all information to SPT which is, in any way, connected with the PIPE Group, its business or operations and which is necessary, in the reasonable opinion of SPT, for the purpose of allowing SPT to:

- (a) form an informed view as to whether the Present and Future Financial Position, Financial Performance and Operations of the PIPE Group are fully and fairly described in the DD Reference Materials; or
- (b) arrange funding to satisfy the Funding Requirement.

### **2.2 Obligations on PIPE to provide information**

- (a) PIPE must provide any information required by SPT under clause 2.1 that is within the possession or control of PIPE, or that is reasonably accessible or capable of being reasonably compiled by PIPE from information within its possession or control, to the extent it is reasonable for:
  - (i) a purchaser of all of the PIPE Shares to request that information and to the extent the information would be considered material by a purchaser of all of the PIPE Shares, acting reasonably; or
  - (ii) a party seeking to arrange funding to satisfy the Funding Requirement to request that information and to the extent the information would be considered material by a financier considering whether to make available funding to satisfy the Funding Requirement.

- (b) PIPE must provide the information to SPT under clause 2.2(a) as soon as reasonably practicable after the information is requested by SPT:
- (i) through the electronic data room established by PIPE unless clause 2.2(b)(ii) applies;
  - (ii) in relation to specific information of a kind described in writing by PIPE to SPT prior to the date of this agreement, by making it available for inspection in legible hard copy form or on computer at PIPE's registered office.

## **2.3 Right of termination for failure to provide DD information**

SPT may, within 4 Business Days after the end of the DD Period, terminate this agreement by notice in writing to PIPE if PIPE:

- (a) breaches its obligations under clause 2.2; or
- (b) has not provided to SPT all information required by SPT under clause 2.1, to the extent it is reasonable for:
  - (i) a purchaser of all of the PIPE Shares to request that information and to the extent the information would be considered material by a purchaser of all of the PIPE Shares, acting reasonably; or
  - (ii) a party seeking to arrange funding to satisfy the Funding Requirement to request that information and to the extent the information would be considered material by a financier considering whether to make available funding to satisfy the Funding Requirement,

within the following timeframes:

- (iii) where SPT made the request less than 5 Business Days, but at least 4 Business Days, before the end of the DD Period – at least 2 Business Days before the end of the DD Period, provided that no requests may be made less than 3 Business Days before the end of the DD Period; or
- (iv) if the request is made earlier, at least 5 Business Days before the end of the DD Period, provided that in the case of requests made 5 or 6 Business Days before the end of the DD Period – 2 Business Days after the request is made.

## **2.4 Right of termination for adverse DD**

SPT may, at any time within 4 Business Days after the end of the DD Period, terminate this agreement by notice in writing to PIPE if SPT is aware of information (whether obtained under this clause 2 or otherwise) which, in the reasonable opinion of SPT, causes SPT to believe that the Present and Future Financial Position, Financial Performance or Operations of the PIPE Group are not fully and fairly described in the DD Reference Materials and that any or all misdescriptions or omissions results, in the reasonable opinion of SPT, in the Present and Future Financial Performance, Financial Position or Operations of the PIPE Group being negatively affected by an impact on earnings before interest, tax, depreciation and amortisation of \$1 million or more as compared to the description in the DD Reference Materials.

# **3. SPT's finance**

## **3.1 SPT's obligation to seek finance**

From the date of this agreement until the end of the Finance Period (or until this obligation is satisfied), SPT must in good faith:

- (a) make application(s) to financier(s) for funding sufficient to satisfy the Funding Requirement; and
- (b) vigorously pursue such applications with a view to minimising any conditions to drawdown and concluding terms (reasonable in the opinion of SPT) of a facility prior to the end of the Finance Period.

### **3.2 Limitation on SPT's obligation**

In performing its obligations under clause 3.1, SPT is not required to agree to:

- (a) any interest rate (or equivalent financing charge) which materially exceeds the market interest rate (or equivalent financing charge) for funding a transaction of the nature and size of the Transaction;
- (b) any fee or charge which, in the reasonable opinion of SPT, is unusual or excessive;
- (c) any condition to drawdown which is not also a Condition to implementation of the Scheme.

### **3.3 PIPE to provide reasonable assistance**

PIPE will provide SPT with all reasonable assistance requested by SPT or by its prospective financiers in connection with SPT's obligations under clause 3.1.

### **3.4 Right of termination for failure to obtain finance**

- (a) SPT shall notify PIPE in writing by 7.00pm on the last day of the Finance Period whether or not SPT has entered into a financing agreement with a financier which satisfies the Funding Requirement.
- (b) If, at the end of the Finance Period, SPT has not entered into a financing agreement with a financier which satisfies the Funding Requirement, SPT or PIPE may terminate this agreement by notice in writing to the other.
- (c) The notice under clause 3.4(b) must be given no later than 2 Business Days after the end of the Finance Period.

## **4. Agreement to propose Scheme**

### **4.1 Proposal of Scheme**

- (a) PIPE agrees to propose the Scheme upon and subject to the terms of this agreement.
- (b) SPT agrees with PIPE to assist PIPE to propose and give effect to the Scheme on and subject to the terms of this agreement.

### **4.2 Compliance with obligations**

The parties obligations under this agreement to propose the Scheme are subject to their compliance with their respective obligations, functions, powers and duties under this agreement, PIPE's constitution, at law and under the Listing Rules.

## **5. Conditions**

### **5.1 Conditions Precedent to implementation of the Scheme**

The Scheme, the obligations of PIPE under clause 7.1(p), and the obligations of SPT under clause 6.2 are subject to the satisfaction of the following Conditions Precedent (unless waived by

a party in accordance with clause 5.2) on or prior to the Second Court Date (or such other date as specified in the relevant Condition Precedent):

(a) **Regulatory Authorities:**

- (i) PIPE obtains approval from the US Department of Homeland Security and the Federal Communications Commission;
- (ii) ASIC and ASX issue or provide such consents or approvals or do other acts which the parties agree are necessary or desirable to implement the Transaction. If such consents, approvals or doing of other acts are subject to conditions those conditions must be acceptable to both parties; and
- (iii) all other mandatory approvals of Regulatory Authorities to the Transaction are obtained;

(b) **Shareholder approval:** before 8.00am on the Second Court Date, PIPE Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act;

(c) **Restraining orders:** as at 8.00am on the Second Court Date, no temporary restraining order, preliminary or permanent injunction or other order or decision has been issued or made by any court of competent jurisdiction or any Regulatory Authority and there is no other legal restraint or prohibition preventing the consummation of any aspect of the Transaction on the Implementation Date;

(d) **No PIPE Material Adverse Event:** no PIPE Material Adverse Event occurs between the date of this agreement and 8.00am on the Second Court Date;

(e) **No PIPE Prescribed Occurrence:** no PIPE Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;

(f) **PIPE representations and warranties:** the representations and warranties given by PIPE under clause 9.1 are true and correct in all respects, in each case at the times set out in clause 9.5;

(g) **SPT representations and warranties:** the representations and warranties given by SPT under clause 9.3 are true and correct in all respects, in each case at the times set out in clause 9.5;

(h) **No PIPE Options:** before 8.00am on the first Business Day after the date of the Scheme Meeting, all PIPE Options have lapsed or been exercised;

(i) **Funding conditions:** before 8.00am on the Second Court Date, each and every condition precedent (other than a condition requiring Court approval of the Scheme) to drawdown under facilities established by SPT to satisfy the Funding Requirement is satisfied or waived; and

(j) **Decline in S&P/ASX 300 Index:** on no day in the period between the date of this agreement and the Business Day before the Second Court Date is the S&P/ASX 300 Index at the close of trading for the previous 5 trading days 15% or more below its level as at the close of trading on the date of this agreement.

## 5.2 Waiver of Conditions Precedent

- (a) The Conditions Precedent in clause 5.1(b) is for the benefit of PIPE and SPT, and cannot be waived.



- (b) The Conditions Precedent in clauses 5.1(a) and 5.1(c) are for the benefit, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent, of PIPE and SPT.
- (c) The Conditions Precedent in clauses 5.1(d), 5.1(e), 5.1(f), 5.1(h), 5.1(i) and 5.1(j) are for the sole benefit of, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent of, SPT.
- (d) The Condition Precedent in clause 5.1(g) is for the sole benefit of, and any breach or non-fulfilment of that Condition Precedent may only be waived with the written consent of, PIPE.
- (e) A party entitled to waive the breach or non-fulfilment of a Condition Precedent pursuant to this clause 5.2 may do so in its absolute discretion.
- (f) If PIPE or SPT waives the breach or non-fulfilment of any of the Conditions Precedent, that waiver will not preclude it from suing the other party for any breach of this agreement that resulted from the breach or non-fulfilment of the Condition Precedent that was waived or arising from the same event which gave rise to the breach or non-fulfilment of the Condition Precedent (provided that if the waiver of the Condition Precedent is itself conditional and the other party accepts the condition, the terms of the condition apply despite this clause 5.2(f)).

### 5.3 Best endeavours to satisfy Conditions Precedent

Each of PIPE and SPT will use its best endeavours to procure that:

- (a) each of the Conditions Precedent is satisfied as soon as practicable after the date of this agreement or continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) there is no occurrence within the control of PIPE or SPT (as the context requires) or their Related Entities that would prevent the Conditions Precedent being satisfied,

provided that, without limiting PIPE's obligations under clause 3.3, PIPE is not required to use its best endeavours in respect of the Condition Precedent in clause 5.1(i).

### 5.4 Regulatory Approvals

- (a) Without limiting the generality of clause 5.3:
  - (i) each party must promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the Regulatory Approval process, including responding to requests for information at the earliest practicable time;
  - (ii) each of PIPE and SPT must consult with the other in advance in relation to all communications (whether written or oral, and whether direct or via agents or advisers) with any Regulatory Authority relating to any Regulatory Approval (**Communications**) and, without limiting the generality of the foregoing, must:
    - (A) provide the other party with drafts of any material written Communications to be sent to a Regulatory Authority and make such amendments thereto as the other party reasonably requires; and
    - (B) provide copies of any written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so; and

- (iii) each party will have the right to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval.
- (b) Notwithstanding anything in this agreement to the contrary, in obtaining any Regulatory Approval, SPT will not be required to agree to conditions:
- (i) requiring any member of the SPT Group to agree to or proffer to:
    - (A) divest, operate separately or hold separately any of the material business or assets of the PIPE Group;
    - (B) cease to conduct or materially reduce the scope of any material business or operations in any jurisdiction in which the PIPE Group conducts business or operations; or
    - (C) limit the type or scope of any proposed or potential business or operations in any jurisdiction; or
  - (ii) that do not merely impose procedural or other non-material requirements incidental to the Regulatory Approval.

## **5.5 Assistance of Representatives**

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other parties to satisfy the Conditions Precedent.

## **5.6 Notice of satisfaction of Condition Precedent**

Each party must promptly after becoming aware of the satisfaction of any Condition Precedent give the other party notice of the satisfaction of that Condition Precedent and provide reasonable evidence the Condition Precedent has been satisfied.

## **5.7 Notice of failure to satisfy Condition Precedent**

- (a) PIPE and SPT must promptly give the other notice of a failure to satisfy a Condition Precedent or of any event that will prevent a Condition Precedent being satisfied.
- (b) PIPE or SPT (as the case may be) must give written notice to the other party as soon as reasonably practicable (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.
- (c) A waiver of such breach or non fulfilment in respect of one Condition Precedent of this agreement will not constitute:
  - (i) a waiver of breach or non fulfilment of any other Condition Precedent of this agreement resulting from the same event; or
  - (ii) a waiver of breach or non fulfilment of that Condition Precedent resulting from any other event.

## **5.8 Conditions Precedent not met**

- (a) If:
  - (i) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this agreement; or

- (ii) there is an act, failure to act, event or occurrence which will prevent a Condition Precedent being satisfied by the date specified in clause 5.1 for its satisfaction (and the breach or non-fulfilment of the Condition Precedent which would otherwise occur has not already been waived in accordance with this agreement),

PIPE and SPT must consult in good faith with a view to:

- (iii) determining whether the Scheme or a transaction that results in SPT having beneficial ownership of all of the PIPE Shares may proceed by way of alternative means or methods;
- (iv) extending the time or date for satisfaction of the relevant Condition Precedent or the Sunset Date; or
- (v) changing the date of application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed to in writing by PIPE and SPT (being a date no later than five Business Days before the Sunset Date).
- (b) If PIPE and SPT are unable to reach agreement under clause 5.8(a) within the Required Consultation Period, either PIPE or SPT may, provided that Condition Precedent is for the benefit of that party, terminate this agreement by notice in writing to the other without incurring any liability to the other party because of that termination (other than under clause 13 if applicable), unless the relevant occurrence or the breach or non fulfilment of the Condition Precedent arises out of a breach of clauses 5.3 or 5.7 by the terminating party.

## 6. The transaction steps

### 6.1 Scheme

- (a) Subject to SPT complying with its obligations under clause 11.1, PIPE must propose the Scheme to PIPE Shareholders on and subject to the terms and conditions of this agreement.
- (b) If the Scheme becomes Effective, then on the Implementation Date:
- (i) all of the PIPE Shares held by Scheme Participants on the Record Date will be transferred to SPT; and
- (ii) each Scheme Participant will be paid the Scheme Consideration for each PIPE Share held by them at the Record Date.

### 6.2 Scheme Consideration

SPT undertakes to PIPE (in its own right and as trustee on behalf of the Scheme Participants) that, if the Scheme becomes Effective, in consideration for the transfer to SPT of each PIPE Share held by a Scheme Participant under the terms of the Scheme, SPT will accept that transfer and provide to the Scheme Participants the Scheme Consideration by procuring the payment to a trust account operated by PIPE of an amount in cleared funds equal to the aggregate amount of the Scheme Consideration for all Scheme Participants, before 12 noon on the Implementation Date in accordance with the terms of the Scheme and the Deed Poll.

### 6.3 Timetable

The parties acknowledge the Timetable as an indicative timetable and will consult with each other regularly in relation to:

- (a) performing their respective obligations within the framework established by the Timetable; and
- (b) any need to modify the Timetable.

## 7. The Scheme

### 7.1 PIPE's obligations in relation to the Scheme

PIPE must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement and substantially in accordance with the Timetable, and in particular PIPE must:

- (a) **promote merits of Transaction:** participate in, and ensure the PIPE Board participates in, efforts reasonably requested by SPT to promote the merits of the Transaction, including meeting with key members of PIPE at the reasonable request of SPT;
- (b) **Scheme Booklet:** prepare the Scheme Booklet in respect of the Scheme in accordance with all applicable laws and policy and in particular with the Corporations Act, RG 60 and RG 142 and the Listing Rules, make available to SPT advance drafts of the Scheme Booklet (so that SPT has a reasonable opportunity to review and comment on those drafts), consult with SPT in relation to the content of those drafts and consider in good faith, for the purpose of amending those drafts (as to content and presentation), comments from SPT and its Representatives on those drafts;
- (c) **commission Independent Expert's Report:** promptly appoint an Independent Expert to provide a report for inclusion in the Scheme Booklet stating whether in its opinion the Scheme is in the best interest of PIPE Shareholders, and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare its report;
- (d) **amend Scheme Booklet:** implement such changes to those parts of the Scheme Booklet relating to SPT which are provided to PIPE by SPT in accordance with clause 7.3(a) as reasonably requested by SPT prior to finalising the Regulator's Draft;
- (e) **proposed Regulator's Draft:** provide SPT with the proposed Regulator's Draft at least 2 Business Days before its submission to enable SPT to review the proposed Regulator's Draft.
- (f) **liaise with ASIC:** provide copies of the Regulator's Draft to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act and liaise with ASIC throughout the Regulatory Review Period;
- (g) **keep SPT informed:** during the Regulatory Review Period:
  - (i) promptly provide to SPT and include in revised drafts of the Scheme Booklet any new information in relation to the PIPE Group not included in the Regulator's Draft which is required by the Corporations Act or RG 60 or RG 142 to be included in the Scheme Booklet; and
  - (ii) promptly inform and consult with SPT in relation to any matters raised by ASIC in connection with the Scheme Booklet or the Scheme including in relation to any presentation and/or the making of any submission in writing or at any proposed meeting with ASIC, and co-operate with SPT to resolve any such matters;
- (h) **approval of Scheme Booklet:** as soon as practicable after the end of the Regulatory Review Period, procure that a meeting of the PIPE Board is convened to consider

approving the Scheme Booklet for dispatch to the PIPE Shareholders, subject to approval of the Court;

- (i) **Court direction and advice:** promptly after, and provided that the approvals in clauses 7.1(f), 7.1(h) and 7.3(e) have been obtained, apply to the Court for orders under section 411(1) of the Corporations Act directing PIPE to convene the Scheme Meeting to consider the Scheme and take all reasonable steps necessary to comply with the orders of the Court;
- (j) **registration of Scheme Booklet:** request ASIC to register the Explanatory Statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (k) **section 411(17)(b) Statement:** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (l) **Scheme Meeting:** promptly convene the Scheme Meeting in accordance with any orders which are made by the Court pursuant to section 411(1) of the Corporations Act;
- (m) **Court documents:** consult with SPT in relation to the content of the documents required for the purpose of each Court hearing held, including for the purposes of section 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, comments from SPT and its Representatives on those documents;
- (n) **Court approval of Scheme:** as soon as practicable after the PIPE Shareholders approve the Scheme at the Scheme Meeting, apply (and to the extent necessary, re-apply) to the Court for orders approving the Scheme under section 411(4) of the Corporations Act substantially in accordance with the Timetable;
- (o) **lodge copy of Court orders:** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme, lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(10) of the Corporations Act on the day such office copy is received or such later date as agreed in writing by SPT;
- (p) **registration:** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme:
  - (i) close the Register as at the Record Date to determine the identity of the Scheme Participants and their entitlements to the Scheme Consideration;
  - (ii) provide to SPT all information about the Scheme Participants that SPT reasonably requires in order for SPT to provide the Scheme Consideration to the Scheme Participants in accordance with the Scheme;
  - (iii) execute proper instruments of transfer of and effect and register the transfer of the PIPE Shares in accordance with the Scheme; and
  - (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court; and
- (q) **PIPE incentive plans:** subject to Court approval of the Scheme but with effect from the Effective Date, suspend all of its executive and employee incentive plans that will or could result in securities being granted to PIPE Group employees.

## 7.2 PIPE registry details

For the purpose of clause 7.1(p), PIPE must give all necessary directions to the PIPE Registry to ensure that any information that SPT reasonably requests in relation to the Register, including any CHESS sub-register and any issuer sponsored sub-register, is promptly provided to SPT and, where requested by SPT, PIPE must procure that such information is made available in such electronic form as is reasonably requested by SPT.

## 7.3 SPT's obligations in relation to the Scheme

SPT must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement and substantially in accordance with the Timetable, and in particular SPT must:

- (a) **SPT Information:** prepare and provide to PIPE all information in relation to SPT that is required to be included in the Scheme Booklet to comply with applicable laws and policy and in particular with the Corporations Act, RG 60 and RG 142 and the Listing Rules relevant to that information (**SPT Information**), make available to PIPE drafts of that information, consult with PIPE in relation to the content of those drafts and consider in good faith, for the purpose of amending those drafts, comments from PIPE and its Representatives on that information;
- (b) **assist Independent Expert:** subject to the Independent Expert entering into arrangements with PIPE including in relation to confidentiality in a form reasonably acceptable to SPT, provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare its report to be sent together with the Scheme Booklet;
- (c) **review drafts of Scheme Booklet:** as soon as practicable after delivery, review drafts of the Scheme Booklet prepared by PIPE and provide comments on those drafts in good faith;
- (d) **confirmation of SPT Information:** as soon as reasonably practicable after receipt from PIPE of the proposed Regulator's Draft referred to in clause 7.1(e), either:
  - (i) confirm in writing to PIPE that the SPT Information in the form and context in which it appears in the proposed Regulator's Draft is not misleading or deceptive in any material respect and does not contain any material omission; or
  - (ii) provide to PIPE the changes required to ensure that the SPT Information in the form and context in which it appears in the Regulator's Draft is not misleading or deceptive in any material respect and does not contain any material omission;
- (e) **approval of Scheme Booklet:** as soon as practicable after the end of the Regulatory Review Period, procure that a meeting of the SPT Board is convened to consider approving those sections of the Scheme Booklet that relate to any SPT Indemnified Parties appropriate for dispatch to the PIPE Shareholders, subject to the approval of the Court;
- (f) **Deed Poll:** prior to the despatch of the Scheme Booklet to PIPE Shareholders, execute the Deed Poll and deliver the executed Deed Poll to PIPE; and
- (g) **representation:** procure that it has separate representation by counsel at the Court hearings convened for the purposes of section 411(1) and 411(4)(b) of the Corporations Act, at which, through its counsel, SPT will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this agreement and the Scheme.

## 7.4 Scheme Booklet

- (a) The parties agree that:
- (i) the efficient preparation of the Scheme Booklet is in the interests of the parties and PIPE Shareholders; and
  - (ii) they will use all reasonable endeavours and utilise all necessary resources (including management resources and the resources of external advisers) to produce the Scheme Booklet as soon as reasonably practicable and in accordance with the Timetable.
- (b) SPT's obligations under clauses 7.3(c), 7.3(d) and 7.3(e) relate only to the factual accuracy of SPT Information and SPT takes no responsibility for information in the Scheme Booklet other than SPT Information. To that end, the Scheme Booklet will include a statement:
- (i) by PIPE that SPT Indemnified Parties are not responsible for any information contained in the Scheme Booklet other than SPT Information; and
  - (ii) by SPT that the PIPE Indemnified Parties are not responsible for any SPT Information contained in the Scheme Booklet.
- (c) PIPE must undertake reasonable verification processes for the purposes of complying with clause 7.1(h).
- (d) SPT must undertake reasonable verification processes for the purposes of complying with clause 7.3(e).
- (e) The parties must promptly inform the other if they have any reason to believe that any information in the Scheme Booklet is misleading or deceptive in any material respect (whether by omission or otherwise) whether because of SPT Information or otherwise.
- (f) If there is a dispute as to the content of any part of the Scheme Booklet (including SPT Information), the parties must consult in good faith and use their reasonable endeavours to resolve the dispute within 2 Business Days. If the parties fail to agree on the form or content of the Scheme Booklet:
- (i) PIPE will have the final decision on the form or content of any PIPE Information, provided that the PIPE Information must comply with any applicable law, policy (including RG 62 and RG 142) or Listing Rule; and
  - (ii) SPT will have the final decision on the form or content of any SPT Information, provided that the SPT Information must comply with any applicable law, policy (including RG 62 and RG 142) or Listing Rule.

Even if there is a dispute as to the form or content of the Scheme Booklet and the parties use this procedure, the parties will continue to perform their obligations under this agreement.

## 7.5 Indemnities

- (a) SPT acknowledges and agrees that it is responsible for the SPT Information contained in the Scheme Booklet and must pay to PIPE on demand an amount equal to all losses, damages, costs, expenses, penalties and other liabilities suffered or incurred by the PIPE Indemnified Parties arising out of or in connection with any failure of the SPT Information to comply with any applicable law, policy (including RG 62 and RG 142) or Listing Rule in connection with its inclusion in the Scheme Booklet.

- (b) PIPE acknowledges and agrees that it is responsible for the PIPE Information contained in the Scheme Booklet and must pay to SPT on demand an amount equal to all losses, damages, costs, expenses, penalties and other liabilities suffered or incurred by the SPT Indemnified Parties arising out of or in connection with any failure of the PIPE Information to comply with any applicable law, policy (including RG 62 and RG 142) or Listing Rule in connection with its inclusion in the Scheme Booklet.

## **7.6 Good faith co-operation**

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other parties to implement the Scheme and to prepare all documents required relating to the Scheme.

## **7.7 Recommendation of the Directors**

- (a) Each PIPE Director in office at the relevant time must, in the Public Announcement, Scheme Booklet and in any other public statements made after execution of this agreement and relating to the Scheme or the Transaction recommend that PIPE Shareholders vote in favour of all resolutions to be proposed at the Scheme Meeting in relation to the Scheme and approve the Scheme, without any qualification other than a qualification that the recommendation is subject to:
- (i) no Superior Proposal being made; and
  - (ii) the Independent Expert opining in its final report to PIPE for inclusion in the Scheme Booklet that the Scheme is in the best interests of PIPE Shareholders.
- (b) The PIPE Directors must not make any public statement or take any other action that qualifies their support of the Transaction or contradicts, or subsequently change, withdraw or modify, the recommendation referred to in clause 7.7(a) except where:
- (i) the Independent Expert does not opine in its final report to PIPE for inclusion in the Scheme Booklet that the Scheme is in the best interests of PIPE Shareholders;
  - (ii) the PIPE Board determines, after SPT's rights under clause 12.6 have been exhausted, that a Competing Transaction constitutes a Superior Proposal; or
  - (iii) the PIPE Directors have determined in good faith and acting reasonably after consultation with PIPE's independent financial adviser and receiving written advice from its external legal adviser practising in the area of corporate law, that making the recommendation referred to in clause 7.7(a) may constitute a breach of the PIPE Directors' fiduciary duties or statutory obligations, provided that this clause 7.7(b)(iii) is not relied upon to deny SPT its rights under clause 12.6.
- (c) The Scheme Booklet will state that each PIPE Director who holds PIPE Shares, or on whose behalf PIPE Shares are held, intends to vote in favour of the Scheme, without any qualification other than a qualification that the intention is subject to:
- (i) no Superior Proposal being made; and
  - (ii) the Independent Expert opining in its final report to PIPE for inclusion in the Scheme Booklet that the Scheme is in the best interests of PIPE Shareholders.
- (d) PIPE represents and warrants to SPT that it has been advised by each PIPE Director in office at the date of this agreement that he or she will act in accordance with clause 7.7(a), 7.7(b) and 7.7(c).



## 7.8 Court refuses to make orders

- (a) If the Court refuses to make any orders pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting to consider or approve the Scheme, PIPE must appeal the Court's decision to the fullest extent possible except where:
  - (i) the parties agree otherwise; or
  - (ii) PIPE and SPT are each advised by their legal counsel that an appeal would have no reasonable prospect of success.
- (b) The costs of any appeal referred to in clause 7.8(a) will be borne equally by SPT and PIPE unless one of the parties is advised by its legal counsel that an appeal would have no reasonable prospect of success, and that appeal fails, in which case the costs of that appeal will be borne solely by the other party.

## 7.9 Appointment of Directors to PIPE Board

PIPE represents and warrants to SPT that it has been advised by each PIPE Director that he or she will, and PIPE must procure that the PIPE Board will:

- (a) on the Effective Date, take all actions necessary to ensure the nominees of SPT are lawfully appointed as directors of PIPE and represent a majority of the PIPE Board; and
- (b) as soon as practicable after the Scheme Consideration has been paid, ensure that all directors on the PIPE Board other than SPT's nominees resign (provided that a proper board is constituted at all times).

## 8. Conduct of business

### 8.1 Conduct of business by PIPE

- (a) From the date of this agreement until the Implementation Date, the PIPE Group must conduct its business in the ordinary course of business consistent with past practice, including making all reasonable efforts to:
  - (i) maintain its business and assets;
  - (ii) keep available the services of its officers and employees; and
  - (iii) preserve its relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings,except:
  - (iv) as may be required or contemplated by this agreement; or
  - (v) as may be undertaken with the prior approval of SPT, such approval not to be unreasonably withheld or delayed.
- (b) Notwithstanding clause 8.1(a), the PIPE Group must not:
  - (i) increase the remuneration of or pay any bonus (excluding sales commission under existing sales commission arrangements) or issue any securities or options to, or otherwise vary the employment agreements with, any of its directors or any employees with an existing annual total fixed remuneration greater than \$100,000 (**Senior Executive**);
  - (ii) accelerate the rights of any of its directors or Senior Executives to benefits of any kind;

- (iii) pay a director or Senior Executive a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement and a copy of which has previously been disclosed to SPT;
- (iv) give or agree to give a financial benefit to a related party of PIPE other than in accordance with the exceptions set out in Chapter 2E of the Corporations Act;
- (v) amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this agreement;
- (vi) enter into any new financing arrangements in excess of \$5 million in aggregate, other than for the refinancing of Financial Indebtedness that has been disclosed in writing to SPT before the execution of this agreement;
- (vii) pay any fee to any adviser where such fee is contingent on completion of the Transaction (other than the success fee payable to Macquarie Capital Advisers as disclosed in writing to SPT before the execution of this agreement);
- (viii) take any action which would be reasonably expected to give rise to a PIPE Prescribed Occurrence;
- (ix) modify the rules of the PIPE ESOP or the terms of issue of any PIPE Options;
- (x) take any action:
- (A) in respect of its information technology systems which would have a material adverse impact on those systems; or
  - (B) in respect of its distribution and logistics arrangements which would have a material adverse impact on those arrangements; or
- (xi) agree to do any of the matters set out above,
- except:
- (xii) with the prior written consent of SPT (such consent not to be unreasonably withheld or delayed); or
- (xiii) as required by law or under this agreement.

## 8.2 Transaction implementation and access to information

- (a) From the date of this agreement until the Implementation Date:
- (i) PIPE will provide SPT with copies of PIPE's monthly management reports; and
  - (ii) the chief executive and chief financial officer of both PIPE and SPT will meet in person or by telephone conference on a fortnightly basis, beginning on the date of this agreement, to discuss the PIPE Group's financial position, prospects and affairs.
- (b) The rights and obligations of the parties under this clause 8.2, are subject to the terms of the Confidentiality Agreement.
- (c) Nothing in this clause 8.2 requires PIPE or SPT to act at the direction of the other. The business of each party and their Subsidiaries will continue to operate independently of the other until the Implementation Date.

## 9. Representations, warranties and undertakings

### 9.1 PIPE representations and warranties

PIPE represents and warrants to SPT on its own behalf and separately as trustee or nominee for each SPT Indemnified Party that:

- (a) **incorporation:** it is a body corporate validly existing under the laws of its place of incorporation and each member of the PIPE Group is a corporation validly existing under the laws of its place of incorporation;
- (b) **corporate power:** it has the corporate power to enter into and perform or cause to be performed its obligations under this agreement and to carry out the transactions contemplated by this agreement;
- (c) **corporate authorisations:** it has taken all necessary corporate action to authorise the entry into of this agreement and the Scheme and, subject to PIPE Shareholders approving the Scheme, has taken all necessary corporate action to authorise the performance of this agreement and the Scheme and to carry out the transactions contemplated by this agreement and the Scheme;
- (d) **binding obligations:** (subject to laws generally affecting creditors' rights and principles of equity) this agreement is valid and binding upon it;
- (e) **solvency:** each member of the PIPE Group is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
- (f) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement;
- (g) **no default:** this agreement does not conflict with or result in the breach of or default under any provision of PIPE's constitution or any writ, order or injunction, judgement, law, rule, regulation or instrument to which PIPE is party or subject or of which it or any member of the PIPE Group is bound; and
- (h) **no PIPE Prescribed Occurrence since 1 July 2009:** as at the date of this agreement:
  - (i) no PIPE Prescribed Occurrences of a kind referred to in paragraphs (a) to (g) and (l) and (m) of the definition of PIPE Prescribed Occurrence has occurred since 1 July 2009,
  - (ii) no PIPE Prescribed Occurrence of a kind referred to in paragraphs (h) to (k) of the definition of PIPE Prescribed Occurrence that is outside the ordinary course of business has occurred since 1 July 2009,other than as announced to the ASX prior to the date of this agreement or as disclosed in writing to SPT prior to execution of this agreement;
- (i) **no PIPE Prescribed Occurrence since execution:** no PIPE Prescribed Occurrence has occurred since execution of this agreement without the prior written consent of SPT;
- (j) **disclosure:** PIPE is not in breach of its continuous disclosure obligations under the Corporations Act or the Listing Rules and, as at the date of this agreement, PIPE is not relying on the carve out in Listing Rule 3.1A to withhold any information from disclosure other than as disclosed in writing to SPT or its Representatives before the execution of this agreement;

- (k) **disclosure of bonuses etc:** other than as disclosed to SPT in writing prior to the execution of this agreement:
- (i) no employee, officer or contractor of the PIPE Group whose total annual remuneration exceeds \$100,000 is entitled to receive any bonus, incentive or other entitlement (whether or not subject to the satisfaction of conditions) except to the extent that the bonus, incentive or other entitlement comprises:
    - (A) base cash salary or wages of an employee;
    - (B) remuneration of a non-executive director from an amount approved by shareholders of PIPE;
    - (C) reasonable non-contingent remuneration of a contractor;
    - (D) statutory leave entitlements;
    - (E) reasonable superannuation contributions;
    - (F) payments in lieu of notice of termination of an employee in an amount not exceeding 12 weeks base cash salary or wages; or
    - (G) PIPE Options granted to employees prior to the date of this agreement which were included in an Appendix 4B announced to ASX shortly after grant; and
  - (ii) no employee, officer or contractor of the PIPE Group is entitled to receive any bonus, incentive or other entitlement of more than \$20,000 (whether or not subject to the satisfaction of conditions) except to the extent that the bonus, incentive or other entitlement comprises:
    - (A) base cash salary or wages of an employee;
    - (B) remuneration of a non-executive director from an amount approved by shareholders of PIPE;
    - (C) reasonable non-contingent remuneration of a contractor;
    - (D) statutory leave entitlements;
    - (E) reasonable superannuation contributions;
    - (F) payments in lieu of notice of termination of an employee in an amount not exceeding 12 weeks base cash salary or wages; or
    - (G) PIPE Options granted to employees prior to the date of this agreement which were included in an Appendix 4B announced to ASX shortly after grant;
- (l) **all information:** as at the end of the DD Period, it has complied with all of its obligations to provide to SPT information under clause 2;
- (m) **not misleading:** the information that has been provided to SPT in writing since the date of the Confidentiality Agreement is not, to the best of its knowledge, when considered as a whole, misleading or deceptive; and
- (n) **issued securities:** the issued PIPE securities as of the date of this agreement are:
- (i) 59,054,651 PIPE Shares (which number includes the PIPE Shares issued to SPT under the Share Subscription Agreement); and
  - (ii) 170,994 PIPE Options,

and the PIPE Group has not issued, or agreed to issue, any other securities or instruments which may convert into PIPE Shares or any other securities in PIPE (other than under the Share Subscription Agreement).

## 9.2 PIPE undertakings

PIPE undertakes to SPT that:

- (a) **PIPE Information:** as at the date of the Scheme Booklet, the PIPE Information will:
  - (i) comply in all material respects with the requirements of the Corporations Act, the Listing Rules and RG 60 and RG 142; and
  - (ii) not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements;
- (b) **reliance:** information provided by PIPE to SPT under this agreement or in connection with the Transaction (including PIPE Information) will be provided in good faith and on the understanding that SPT will rely on that information for the purposes of considering and approving SPT Information in the Scheme Booklet before it is despatched and in implementing the Scheme;
- (c) **updating information:** it will as a continuing obligation, provide SPT all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure there would be no breach of clause 9.2(a) if it applied as at the date upon which that information arose; and
- (d) **provision of information to Independent Expert:** all information provided by or on behalf of PIPE to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.

## 9.3 SPT representations and warranties

SPT represents and warrants to PIPE (on its own behalf and separately as trustee or nominee for each PIPE Indemnified Party) that:

- (a) **incorporation:** it is a body corporate validly existing under the laws of its place of incorporation;
- (b) **corporate power:** it has the corporate power to enter into and perform or cause to be performed its obligations under this agreement and to carry out the transactions contemplated by this agreement;
- (c) **corporate authorisations:** it has taken all necessary corporate action to authorise the entry into of this agreement and the Scheme and has taken all necessary corporate action to authorise the performance of this agreement and the Scheme and to carry out the transactions contemplated by this agreement and the Scheme;
- (d) **binding obligations:** (subject to laws generally affecting creditors' rights and principles or equity) this agreement is valid and binding upon it;
- (e) **solvency:** SPT is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;

- (f) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement;
- (g) **no default:** this agreement does not conflict with or result in the breach of or default under any provision of SPT's constitution or any writ, order or injunction, judgement, law, rule, regulation or instrument to which SPT is party or subject or of which it is bound; and
- (h) **disclosure:** SPT is not in breach of its continuous disclosure obligations under the Corporations Act or the Listing Rules.

#### 9.4 SPT undertakings

SPT undertakes to PIPE that:

- (a) **SPT Information:** SPT Information to be provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will:
- (i) comply in all material respects with the requirements of the Corporations Act, the Listing Rules and RG 60 and RG 142; and
  - (ii) not contain any material statement which is misleading or deceptive, nor contain any material omission, having regard to applicable disclosure requirements;
- (b) **reliance:** information provided by SPT to PIPE under this agreement or in connection with the Transaction (including SPT Information) will be provided in good faith and on the understanding that PIPE will rely on that information for the purposes of considering and approving SPT Information in the Scheme Booklet before it is despatched and in implementing the Scheme;
- (c) **Updating information:** it will, as a continuing obligation, provide to PIPE all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure there would be no breach of clause 9.4(a) if it applied on the date on which the information arose; and
- (d) **Provision of information to the Independent Expert:** all information provided by or on behalf of SPT to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet will be provided in good faith and on the understanding that the Independent Expert will rely on the information for the purpose of preparing the Independent Expert's report.

#### 9.5 Timing of representations and warranties

Each representation and warranty made or given under clause 9.1 and clause 9.3 is given:

- (a) at the date of the agreement and at 8.00am on the Second Court Date; or
- (b) where expressed, at the time at which the representation or warranty is expressed to be given.

#### 9.6 Survival of representations and warranties

Each representation and warranty in clauses 9.1 and 9.3:

- (a) is severable;
- (b) will survive the termination of this agreement; and
- (c) is given with the intent that liability under them will not be confined to breaches which are discovered prior to the date of termination of this agreement.

## 10. Termination rights

### 10.1 Termination events

Without limiting any other provision of this agreement:

- (a) either party (**non-defaulting party**) may terminate this agreement by notice in writing to the other party if:
  - (i) the Sunset Date has passed before the Transaction has been implemented (other than as a result of a breach by the terminating party of its obligations under this agreement);
  - (ii) each of the following has occurred:
    - (A) the other party (defaulting party) is in material breach of a provision of this agreement (other than for breach of a representation or warranty in clause 9.1 or clause 9.3) at any time prior to 8.00am on the Second Court Date;
    - (B) the non-defaulting party has given notice to the defaulting party setting out the relevant circumstances of the breach and stating an intention to terminate the agreement; and
    - (C) the relevant circumstances have continued to exist 5 Business Days (or any shorter period ending at 8.00am on the Second Court Date) from the time the notice in clause 10.1(a)(ii)(B) is given;
  - (iii) the required majorities of PIPE Shareholders do not approve the Scheme at the Scheme Meeting;
  - (iv) a Court or other Regulatory Authority has issued an order, decree or ruling or taken other action that permanently restrains or prohibits the Transaction and that order, decree, ruling or other action has become final and cannot be appealed; or
  - (v) it is permitted to in accordance with clause 5.8(b); or
- (b) SPT may terminate this agreement by notice in writing to PIPE if, at any time:
  - (i) PIPE breaches any representation or warranty in clause 9.1 and:
    - (A) the breach:
      - (I) cannot be remedied by subsequent action on the part of PIPE before 8.00am on the Second Court Date; and
      - (II) was of a kind that, had it been disclosed to SPT prior to its entry into this agreement, could reasonably be expected to have resulted in SPT either not entering into this agreement or entering into it on materially different terms; or
    - (B) the breach amounts to, results in, or discloses anything, that could reasonably be expected to amount to a PIPE Material Adverse Event;
  - (ii) a PIPE Director fails to make the recommendation referred to in clause 7.7(a), or withdraws his or her recommendation that PIPE Shareholders vote in favour of the Scheme or makes a public statement indicating that he or she no longer supports the Scheme;
  - (iii) a Court or other Regulatory Authority has issued an order, decree or ruling or taken other action that restrains or prohibits SPT exercising or enjoying the benefit of any material rights under this agreement; or

- (iv) it is permitted to in accordance with clause 2.3, 2.4 or 3.4; or
- (c) PIPE may terminate this agreement by notice in writing to SPT if:
- (i) at any time prior to the Second Court Hearing, SPT breaches any representation or warranty in clause 9.3 and the breach:
    - (A) cannot be remedied by subsequent action on the part of SPT before 8.00am on the Second Court Date; and
    - (B) was of a kind that, had it been disclosed to PIPE prior to its entry into this agreement, could reasonably be expected to have resulted in PIPE either not entering into this agreement or entering into it on materially different terms; or
  - (ii) at any time prior to the date of the Scheme Meeting, all of the PIPE Directors have changed, withdrawn or modified their recommendation (as set out in clause 7.7(a)) in accordance with clause 7.7(b); or
  - (iii) it is permitted to in accordance with clause 3.4.

## **10.2 Notice of breach**

Each party must give notice to the other as soon as practicable after it becomes aware of a breach by it of this agreement (including in respect of any representation or warranty).

## **10.3 Termination right**

- (a) Any right to terminate this agreement under clause 10.1(a), 10.1(b) or 10.1(c) that arises before the Second Court Date ceases at 8.00am on the Second Court Date.
- (b) Subject to clause 10.3(a), any right to terminate this agreement ceases when the Scheme becomes Effective.

## **10.4 Effect of termination**

- (a) If a party terminates this agreement, each party will be released from all further obligations under this agreement other than under clauses 1, 11, 13, 14, 15 and 16.
- (b) Termination of this agreement does not affect any accrued rights or remedies of a party (including in respect of any past breach of this agreement by the other party).

# **11. Public announcements**

## **11.1 Announcement of transaction**

Promptly after the execution of this agreement, the parties will issue the Public Announcement to ASX.

## **11.2 Public announcements**

- (a) Subject to clause 11.2(b), PIPE must not make any public announcement or disclosure in relation to the Transaction (including any staff or client announcements or presentations) other than in a form approved by SPT (acting reasonably).
- (b) Where PIPE is required by law and/or the Listing Rules to make any announcement or make any disclosure in relation to the Transaction, it may do so only after it has given as much notice as possible to, and has consulted (to the fullest extent reasonable in the circumstances) with, SPT.



### 11.3 Statements on termination

The parties must act in good faith and use all reasonable endeavours to issue agreed statements in respect of any termination of this agreement and, to that end but without limitation, clause 11.2 applies to any such statements or disclosures.

## 12. Exclusivity

### 12.1 No-shop

During the Exclusivity Period, PIPE must ensure that neither it nor any of its Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, negotiations, discussions or proposals; or
- (b) communicates any intention to do any of these things,

in relation to, or which may reasonably be expected to lead to, a Competing Transaction.

### 12.2 No-talk

During the Exclusivity Period, but subject to clause 12.7, PIPE must ensure that neither it nor any of its Representatives directly or indirectly:

- (a) negotiates or enters into or participates in negotiations or discussions with any person; or
  - (b) communicates any intention to do any of these things,
- in relation to, or which may reasonably be expected to lead to:
- (c) a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, encouraged or initiated by PIPE or any of its Representatives or the person has publicly announced the Competing Transaction; or
  - (d) the Transaction not proceeding.

### 12.3 Due diligence information

During the Exclusivity Period, PIPE must ensure that neither it nor any of its Representatives in relation to a Competing Transaction:

- (a) solicits, invites, initiates, encourages or, subject to clause 12.7, facilitates any party other than SPT to undertake due diligence investigations on PIPE, any of its Related Entities or their respective businesses and operations; or
- (b) subject to clause 12.7, makes available to any other person or permits any other person to receive (in the course of due diligence investigations or otherwise) any non-public information relating to PIPE, any of its Related Entities or their respective businesses and operations.

### 12.4 Notification of approaches

- (a) During the Exclusivity Period, PIPE must promptly notify SPT of:
  - (i) any approach, inquiry or proposal made to, and any attempt or any intention on the part of any person to initiate or continue any negotiations or discussions with PIPE or any of its Representatives with respect to, or that could reasonably be expected to lead to, any Competing Transaction, whether unsolicited or otherwise;
  - (ii) any request for information relating to PIPE or any member of the PIPE Group or any of their businesses or operations or any request for access to the books or

records of PIPE or any member of the PIPE Group, which PIPE has reasonable grounds to suspect may relate to a current or future Competing Transaction;

- (iii) any intention by PIPE or any of its Representatives to provide any information relating to PIPE, any member of the PIPE Group or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction in reliance on clause 12.7;
  - (iv) any action by PIPE or any of its Representatives, or any intention of PIPE or any of its Representatives to take any action, in reliance on clause 12.7 (including under clause 12.4(a)(iii)); or
  - (v) any breach of this clause 12.4.
- (b) Subject to clause 12.4(c), a notice given under this clause 12.4 must be accompanied by all material details of the relevant event, including:
- (i) the identity of the person or persons taking any action referred to in clause 12.4(a)(i) or 12.4(a)(ii) or on whose behalf any such action was taken or any person to whom PIPE intends to provide information under clause 12.4(a)(iii) (**Rival Bidder**);
  - (ii) the terms and conditions of any Competing Transaction or any proposed Competing Transaction (to the extent known); and
  - (iii) the circumstances in which any information is provided to the Rival Bidder.
- (c) PIPE will not be required to comply with its obligations under clause 12.4(b) to the extent the PIPE Directors have determined in good faith and acting reasonably after consultation with PIPE's independent financial adviser and receiving written advice from its external legal adviser practising in the area of corporate law, that to do so may constitute a breach of the PIPE Directors' fiduciary duties or statutory obligations, or confidentiality obligations of PIPE that exist prior to the date of this agreement.

## 12.5 Access to information

- (a) Where, in reliance on clause 12.7, the PIPE Group or any member of the PIPE Group or any of their Representatives proposes to provide any information relating to the PIPE Group to any person in connection with or for the purposes of a current or future Competing Transaction, it must, to the extent that SPT has not previously been provided with the information, provide SPT with a complete copy of that information at the same time as it is provided to the third party.
- (b) Nothing in this clause 12 prevents PIPE or its Representatives from:
  - (i) providing information to its Representatives;
  - (ii) providing information required to be provided by law, a Court or any Regulatory Authority; or
  - (iii) making presentations to brokers, portfolio investors and analysts in the ordinary and usual course of business.

## 12.6 PIPE's response to Rival Bidder and SPT's right to respond

- (a) If PIPE is permitted by virtue of clause 12.7 to engage in activity that would otherwise breach clauses 12.2 and 12.3(b), PIPE must enter into a confidentiality agreement with the Rival Bidder which is on terms no less onerous to the Rival Bidder than the Confidentiality Agreement is to SPT, unless PIPE has entered into a relevant confidentiality agreement with the Rival Bidder prior to the date of this agreement.

- (b) Without prejudice to SPT's rights under this clause 12, if at any time during the Exclusivity Period any PIPE Director wishes to approve or recommend entry into any agreement, commitment, arrangement or understanding relating to a Competing Transaction (other than a confidentiality agreement contemplated by clause 12.6(a)), PIPE must ensure that he does not do so:
- (i) unless the Competing Transaction is bona fide; and
  - (ii) until each of the following has occurred:
    - (A) the PIPE Directors have made the determination contemplated by clause 12.7(b) in respect of that Competing Transaction;
    - (B) PIPE has given SPT notice in writing of its intention to enter into an agreement, commitment, arrangement or understanding relating to that Competing Transaction, subject to SPT's rights under clause 12.6(c);
    - (C) PIPE has given SPT all information that would be required by clause 12.4(b) as if it was not subject in any way to clause 12.4(c);
    - (D) SPT's rights under clause 12.6(c) have been exhausted; and
    - (E) the PIPE Directors have made the determination contemplated by clause 12.7(b) in respect of that Competing Transaction after SPT's rights under clause 12.6(c) have been exhausted and after evaluation of any Counterproposal.
- (c) If PIPE gives notice to SPT under clause 12.6(b)(ii)(B), SPT will have the right, but not the obligation, at any time during the period of three Business Days following receipt of the notice, to:
- (i) offer to amend the terms of the Scheme;
  - (ii) make a takeover bid for PIPE; or
  - (iii) propose any other form of transaction,
- (each a **Counterproposal**), and if it does so then PIPE and the PIPE Directors must review the Counterproposal in good faith. If the Counterproposal would be more favourable to PIPE and PIPE Shareholders than the Competing Transaction (having regard to the matters noted in clause 12.7(b)), then:
- (iv) if the Counterproposal contemplates an amendment to the Scheme – the parties must negotiate in good faith to enter into an amended agreement in relation to the Scheme reflecting the Counterproposal; or
  - (v) if the Counterproposal contemplates any other form of transaction – PIPE must announce promptly to the market that the PIPE Directors unanimously recommend the Counterproposal (which recommendation will be subject to the qualifications referred to in clauses 7.7(a)(i) and 7.7(a)(ii) (if applicable) and will be capable of being changed, withdrawn or modified in analogous circumstances to those set out in clause 7.7(b)), and the parties must pursue implementation of the Counterproposal in good faith.
- (d) For the purposes of this clause 12.6, each successive modification of any third party expression of interest, offer or proposal in relation to a Competing Transaction will constitute a new Competing Transaction.

## 12.7 Fiduciary out

The restrictions in clause 12.2, clause 12.3(a) and clause 12.3(b) do not apply to the extent that they restrict PIPE or the PIPE Directors from taking or refusing to take any action with respect to a Competing Transaction (in relation to which there has been no contravention of this clause 12) provided:

- (a) the Competing Transaction is bona fide and is made in writing by or on behalf of a person that each of the PIPE Directors consider is of reputable commercial standing; and
- (b) the PIPE Directors have determined in good faith and acting reasonably after:
  - (i) consultation with PIPE's independent financial adviser, that the Competing Transaction:
    - (A) is capable of being valued and completed; and
    - (B) would, if completed substantially in accordance with its terms, be more favourable to the PIPE Shareholders than the Transaction,after taking into account all aspects of the Competing Transaction (including its terms and conditions) and the person making it; and
  - (ii) receiving written advice from its external legal adviser practising in the area of corporate law,that failing to respond to such a bona fide Competing Transaction would more likely than not constitute a breach of the PIPE Directors' fiduciary duties or statutory obligations.

## 12.8 No current discussions

PIPE represents and warrants to SPT that, as at the date of this agreement, neither it nor any of its Representatives:

- (a) is participating, directly or indirectly, in any discussions or negotiations with a third party that concern, or that could reasonably be expected to lead to, a Competing Transaction for that party; or
- (b) is a party to any agreement, arrangement or understanding with a third party in relation to a Competing Transaction for it or a possible Competing Transaction that would prevent it entering into this agreement or complying with its obligations under this agreement.

## 12.9 Legal advice

PIPE represents and warrants that:

- (a) prior to entering into this agreement
  - it has received legal advice on this agreement and the operation of this clause 12; and
- (b) it and the PIPE Board considers this clause 12 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 12 in order to secure the significant benefits to it, and PIPE Shareholders, resulting from the Transaction.

## 13. Break Fee

### 13.1 SPT declaration

SPT represents and warrants to PIPE that it would not have entered into this agreement without the benefit of this clause 13 and it would not have entered into and continued the negotiations and

conducted due diligence into PIPE leading up to this agreement unless SPT had a reasonable expectation that PIPE would agree to enter into a clause of this kind.

### 13.2 Acknowledgments

- (a) PIPE acknowledges that SPT has incurred, or will incur:
  - (i) significant external advisory costs;
  - (ii) some internal costs of a similar kind (including directors and management time costs, risk management costs and capital costs);
  - (iii) out of pocket expenses;
  - (iv) commitment fees and other financing costs; and
  - (v) reasonable opportunity costs incurred by SPT in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives,in relation to the Transaction and will incur further costs if the Transaction is not successful (**Costs**).
- (b) PIPE represents and warrants that:
  - (i) it has received legal advice on this deed and the operation of this clause 13; and
  - (ii) it and the PIPE Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 13 in order to secure the significant benefits to it, and PIPE Shareholders, resulting from the Transaction.

### 13.3 Agreement on Costs

The parties acknowledge that the amount of the Costs is inherently unascertainable and that, even after termination of this agreement, the Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that SPT will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 13, the Costs will be equal to the amount of the Break Fee (it being acknowledged by the parties that the Costs may be in excess of this amount).

### 13.4 Reimbursement of Costs

- (a) PIPE agrees to pay to SPT the Break Fee if at any time after execution of this agreement, any of the following events occur:
  - (i) any PIPE Director:
    - (A) fails to recommend as described in clause 7.7(a);
    - (B) makes any public statement or takes any action that contradicts his or her recommendation;
    - (C) qualifies their support of the Transaction, or withdraws his or her recommendation; or
    - (D) recommends against the Transaction,in each case other than as a result of the Independent Expert opining that the Scheme is not in the best interests of PIPE Shareholders (or the Independent Expert having opined that the Scheme is in the best interests of PIPE Shareholders, changes that opinion other than as a consequence of a Competing Transaction) and the Scheme has not become Effective by the Sunset Date;

- (ii) the Court fails (taking into account all appeals) to approve the Scheme for the purposes of section 411(1)(b) of the Corporations Act as a result of a material non-compliance by PIPE with any of its obligations under this agreement;
  - (iii) the Effective Date of the Scheme has not occurred prior to the Sunset Date as a consequence of non-compliance by PIPE with any of its obligations under this agreement;
  - (iv) a Competing Transaction is announced by the Sunset Date and:
    - (A) the Competing Transaction results in a persons obtaining Control of, or merging or amalgamating with, PIPE, within 6 months of it being announced; or
    - (B) within 3 months of that Competing Transaction being announced, the PIPE Directors unanimously recommend it in the absence of a superior proposal and no superior proposal is subsequently announced by SPT,
  - (v) by the Sunset Date, a person other than SPT acquires directly or indirectly (including by way of joint venture or dual listed company structure) an interest in all or a substantial part of the business or assets of the PIPE Group; or
  - (vi) SPT terminates this agreement under clause 10.1(a)(ii); or
  - (vii) a PIPE Material Adverse Event or a PIPE Prescribed Occurrence occurs and SPT terminates this agreement as a result.
- (b) The payment of the Break Fee by PIPE to SPT provided for in this clause 13.4 must be made within 5 Business Days of receipt of a written demand for payment by SPT. The demand may only be made after the occurrence of an event referred to in clause 13.4(a).

### 13.5 Claims

Despite anything else in this agreement:

- (a) if PIPE becomes liable to pay the Break Fee under clause 13.4 and pays the Break Fee to SPT:
  - (i) the liability of PIPE in respect of any Claim that arises under or in respect of this agreement is limited to an amount equal to the Break Fee; and
  - (ii) PIPE will have no further liability or obligations under this agreement whatsoever, and any Claims or liabilities which had arisen prior to such payment will immediately lapse.
- (b) PIPE will not be required to pay the Break Fee if it validly terminates this agreement in accordance with clause 10.1(a)(ii), clause 10.1(c)(i) or clause 10.1(c)(iii) before any of the circumstances in clause 13.4(a) occur.

### 13.6 Compliance with law

If a court or the Takeovers Panel determines that any part of the Break Fee:

- (a) constitutes or would, if performed, constitute:
  - (i) a breach of the fiduciary or statutory duties of the PIPE Board; or
  - (ii) unacceptable circumstances within the meaning of the Corporations Act; or
- (b) is unenforceable or would, if paid, be unlawful for any reason,

then PIPE will not be obliged to pay such part of the Break Fee and, if such fee has already been paid, then SPT must within 5 Business Days after receiving written demand from PIPE refund that part of the Break Fee (to the extent it has been received by SPT) to PIPE.

## 14. GST

### 14.1 Interpretation

In this clause 14 and the rest of this agreement, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

### 14.2 GST exclusive

- (a) Any consideration or amount payable under this agreement, including any non-monetary consideration (as reduced in accordance with clause 14.2(e) if required) (**Consideration**) is exclusive of GST.
- (b) If GST is or becomes payable on a Supply made under or in connection with this agreement, an additional amount (**Additional Amount**) is payable by the party providing consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- (c) The additional amount payable under clause 14.2(b) is payable at the same time and in the same manner as the consideration for the supply, subject to the provision of a valid Tax Invoice at or before that time. If a valid Tax Invoice is not provided at or before that time then the Additional Amount is only payable on receipt of a valid Tax Invoice.
- (d) If for any reason (including, without limitation, the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 14.2(b):
  - (i) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
  - (ii) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
  - (iii) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.
- (e) Despite any other provision in this agreement:
  - (i) if an amount payable under or in connection with this agreement (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred; and

- (ii) no Additional Amount is payable under clause 14.2(b) in respect of a Supply to which section 84-5 of the GST Act applies.
- (f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party and to which the Representative Member of a GST Group of which the party is a member is entitled.

## 15. Notices

### 15.1 Service of notices

A notice, demand, consent, approval or communication under this agreement (**Notice**) must be:

- (a) in writing and in English directed to the recipient's address for notices specified in the Details, as varied by any Notice; and
- (b) hand delivered or sent by prepaid post or facsimile to that address.

### 15.2 Effective on receipt

A Notice given in accordance with clause 15.1 takes effect when received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, the second Business Day after the date of posting (or the seventh Business Day after the date of posting if posted to or from outside Australia); or
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice,

but if the delivery or transmission under clause 15.2(a) or 15.2(c) is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery, receipt or transmission.

## 16. General

### 16.1 Alterations

This agreement may be altered only in writing signed by each party.

### 16.2 Approvals and consents

Except where this agreement expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this agreement.

### 16.3 Assignment

A party may only assign this agreement or a right under this agreement with the prior written consent of each other party.

### 16.4 Entire agreement

This agreement and the Confidentiality Agreement contain the entire agreement between the parties as at the date of this agreement with respect to their subject matter and supersede all prior agreements and understandings between the parties in connection with them.



## **16.5 Survival and indemnities**

- (a) Any indemnity or obligation of confidentiality under in this agreement is independent and survives termination of this agreement. Any other term which by its nature is intended to survive termination of this agreement survives termination of this agreement.
- (b) It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

## **16.6 Costs and stamp duty**

- (a) Except as otherwise provided in this agreement, each party must pay its own costs of negotiating, preparing, executing and performing this agreement and the Scheme Booklet and the proposed, attempted or actual implementation of this agreement and the Scheme.
- (b) Any stamp duty payable on the transfer of PIPE Shares to SPT under the Scheme must be paid by SPT.

## **16.7 Counterparts**

This agreement may be executed in counterparts. All executed counterparts constitute one document.

## **16.8 No merger**

The rights and obligations of the parties under this agreement do not merge on completion of any transaction contemplated by this agreement.

## **16.9 Severability**

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or part of a term of this agreement continue in force.

## **16.10 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

## **16.11 Relationship**

Except where this agreement expressly states otherwise, this agreement does not create a relationship of employment, trust, agency or partnership between the parties.

## **16.12 No representation or reliance**

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- (b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and
- (c) clauses 16.12(a) and 16.12(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

### **16.13 Governing law and jurisdiction**

This agreement is governed by the law of Queensland and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Queensland.

### **16.14 Specific performance**

The parties acknowledge that monetary damages alone would not be adequate compensation for a breach by any party of an obligation under this agreement and that specific performance of that obligation is an appropriate remedy.

### **16.15 Mutual further assurances**

Each party must do all things necessary or expedient to be done by it in connection with the matters referred to in this agreement.

# Signing page

**Executed** as an agreement.

**Signed for PIPE Networks Limited by**

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Name of Director (print)

\_\_\_\_\_  
Signature of Director/Secretary

\_\_\_\_\_  
Name of Director/Secretary (print)

**Signed for SP Telemedia Limited by**

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Name of Director (print)

\_\_\_\_\_  
Signature of Director/Secretary

\_\_\_\_\_  
Name of Director/Secretary (print)

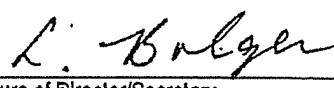
## Signing page

Executed as an agreement.

Signed for PIPE Networks Limited by

  
\_\_\_\_\_  
Signature of Director

 JASON SINCLAIR  
\_\_\_\_\_  
Name of Director (print)

←  ←  
\_\_\_\_\_  
Signature of Director/Secretary

LOUISE BOLGER  
\_\_\_\_\_  
Name of Director/Secretary (print)

Signed for SP Telemedia Limited by

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Name of Director (print)

← \_\_\_\_\_ ←  
Signature of Director/Secretary

\_\_\_\_\_  
Name of Director/Secretary (print)

# Annexure 1

## Public Announcement

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Annexure to Merger Implementation Agreement

MinterEllison

L A W Y E R S



ASX RELEASE

11 November 2009

## **SP Telemedia Limited to acquire PIPE Networks Limited**

SP Telemedia Limited (ASX: SOT) ("SPT") and PIPE Networks Limited (ASX: PWK) ("PIPE") have entered into a Merger Implementation Agreement under which it is proposed that SPT acquire all of the shares outstanding in PIPE via a Scheme of Arrangement ("Scheme") for \$6.30 cash per share ("SPT Proposal").

PIPE's Board of Directors unanimously recommends that PIPE shareholders vote in favour of all resolutions to be proposed at the Scheme meeting in relation to the Scheme and approve the Scheme, in the absence of a superior proposal and subject to the Independent Expert opining in its final report to PIPE for inclusion in the Scheme Booklet that the Scheme is in the best interests of PIPE shareholders.

In recommending the SPT Proposal, PIPE'S Board of Directors notes that the SPT Proposal:

- Values PIPE's equity (assuming all share options over PIPE shares are exercised) at approximately \$373 million;
- Offers PIPE shareholders a price per share that is greater than PIPE's closing share price at any point since its listing; and
- Represents a 15% premium to PIPE's volume weighted average price over the last 3 months and a 29% premium to PIPE's volume weighted average price over the last 6 months.

The transaction is subject to completion of due diligence by SPT by 11 December 2009 and confirmation of funding by SPT by 18 December 2009, amongst other customary conditions precedent. A summary of the key terms of the Merger Implementation Agreement is attached in Attachment A. A full copy of the Merger Implementation Agreement is attached in Attachment B.

The SPT Proposal follows an unconditional placement by PIPE of 2.8 million shares to SPT at \$6.30 on 9 November 2009.

Mr Bevan Slattery and Mr Stephen Baxter, who are both directors of PIPE and together own approximately 27 per cent of PIPE shares outstanding, have agreed to grant SPT call options over a portion of their respective shareholdings which, together with its placement shares, gives SPT a relevant interest in 19.9% of PIPE shares as at the date of this announcement.

SPT Executive Chairman Mr David Teoh said the transaction will position SPT as a fully-integrated telecommunications company with a broad spectrum of offerings and a major role in Australia's telecommunications industry.

"PIPE's extensive metropolitan dark fibre network will increase SPT's capabilities as a data communications provider. In addition, PPC-1 gives us a competitive advantage with access to international bandwidth, allowing us to offer highly attractive products to both existing and new customers. We expect synergies to flow by bringing more SPT customers 'on-net', as well as enhancing our corporate offering and delivering exciting new products to our customers."

PIPE Chairman Mr. Roger Clarke said that the SPT Proposal provides an opportunity for shareholders to realise the significant gains on their investment in PIPE.

"Having explored a number of strategic options, I am delighted that the Board is now in a position to recommend the SPT Proposal, in the absence of a superior proposal and subject to the Independent Expert opining in its final report to PIPE for inclusion in the Scheme Booklet that the Scheme is in the best interests of PIPE's shareholders."

The Scheme is subject to the approval of PIPE's shareholders at a Scheme meeting to be held most likely in March 2010, and the approval of the Court.

The indicative timetable for the implementation of the Scheme is as follows:

Event	Target Date
Scheme Booklet and Notice of Scheme Meeting sent to Shareholders	February 2010
Scheme Meeting for Shareholders, followed by Court Hearing	March 2010
If Scheme approved, payment of \$6.30 cash per share	Late March/ early April 2010

Minter Ellison is advising SPT and Macquarie Capital Advisers and Clayton Utz are advising PIPE.

## **ENDS**

Attachment A – Key terms of the Merger Implementation Agreement

Attachment B - Merger Implementation Agreement

For more information, contact SPT or PIPE using the following details:

- SPT      Mr Stephen Banfield  
              Company Secretary  
              Ph: +61 2 9850 0800
- PIPE     Mr Bevan Slattery  
              Managing Director  
              Ph: +61 7 3233 9800

### **About SP Telemedia**

SP Telemedia Limited (ASX: SOT) is an innovative market leader in the Australian telecommunications industry listed on the Australian Stock Exchange since 2001. In 2008 a merger with TPG Holdings Pty Ltd joined the brands of TPG and Soul to form a group with annual revenue approaching approximately \$500m and generating strong profits.

With sustained growth the company has become a dynamic and integrated force providing innovative voice, internet and data solutions through one of the largest networks in Australia. The company's own network infrastructure has significant investment being built from a broadcast television base, and today includes fixed line, fibre and wireless services connecting voice customers with call collection areas throughout Australia and data and internet customers with more than 330 exchange areas.

### **About PIPE Networks**

PIPE Networks Limited (ASX:PWK) is a leading facilities-based telecommunications service provider in Australia. The company owns the third largest metropolitan fibre optic network in Australia connecting to key strategic IT infrastructure locations.

Since its inception in 2002, the company has delivered sustainable revenue and profitability growth by offering reliable and cost effective dark fibre, managed ethernet, telehousing and peering products to internet service providers (ISPs), corporate customers and Government departments

The company recently completed PIPE Pacific Cable (PPC-1) submarine cable system between Sydney and Guam through its subsidiary PIPE International which provides secured and fast international bandwidth from Australia to the USA and Asia.

For further information please visit [www.pipenetworks.com.au](http://www.pipenetworks.com.au) or [www.pipeinternational.com](http://www.pipeinternational.com)



## Attachment A

### Key terms of the Merger Implementation Agreement

<b>Summary</b>	<p>SP Telemedia Limited (ASX: SOT) ("SPT") and PIPE Networks Limited (ASX: PWK) ("PIPE") have entered into a Merger Implementation Agreement ("MIA").</p> <p>The MIA sets out the obligations of SPT and PIPE in relation to a Scheme of Arrangement to be proposed to PIPE shareholders. A summary of the key terms of the MIA is provided below.</p>
<b>Consideration</b>	\$6.30 cash per share
<b>Conditions Precedent</b>	<p>Implementation of the Scheme is subject to the satisfaction or waiver of a number of conditions precedent including the following:</p> <ul style="list-style-type: none"> <li>▪ SPT to satisfactorily complete due diligence by 11 December 2009</li> <li>▪ SPT to enter a financing agreement with a financier by 18 December 2009 in relation to the consideration payable under the Scheme</li> <li>▪ Regulatory approvals including ASIC and ASX (if necessary), and the US Department of Homeland Security and Federal Communications Commission</li> <li>▪ PIPE shareholders' approval at the Scheme Meeting by the majorities required under the Corporations Act</li> <li>▪ No restraints or prohibitions issued by any regulatory, judicial or government authority that would prevent the implementation of the Scheme</li> <li>▪ No "PIPE Material Adverse Event" as stipulated in the MIA has occurred</li> <li>▪ No "PIPE Prescribed Occurrence" as stipulated in the MIA has occurred</li> <li>▪ All representations and warranties given by SPT and PIPE to each other in the MIA remain true and correct</li> <li>▪ All PIPE options have lapsed or been exercised</li> <li>▪ Each and every one of SPT's funding conditions have been satisfied or waived</li> <li>▪ On no day between the date of the MIA and the Business Day prior to the Second Court Date is the S&amp;P/ASX300 Index at the close of trading for the previous five days 15% or more below its level as at the close of trading on the date of the MIA</li> </ul>
<b>Termination Rights</b>	<p>Either party can terminate the MIA by notice in writing to the other party if:</p> <ul style="list-style-type: none"> <li>▪ The Scheme has not been implemented by 30 April 2010</li> <li>▪ The defaulting party is in material breach of a provision of the MIA and it remains unremedied after 5 Business Days</li> <li>▪ PIPE's shareholders do not approve the Scheme at the Scheme Meeting</li> <li>▪ A Court or Regulatory Authority has issued an order restraining or prohibiting the transaction and the action is final</li> <li>▪ There is a breach or non-fulfilment of a Condition Precedent which is not waived and PIPE and SPT cannot reach agreement as to an alternative way forward after consulting in good faith</li> </ul> <p>SPT may also terminate the MIA by notice in writing to PIPE if:</p> <ul style="list-style-type: none"> <li>▪ PIPE is in breach of any representation or warranty that cannot be remedied and was of a kind that had it been disclosed to SPT prior to SPT's agreement to the MIA, it could reasonably be expected to have resulted in SPT either not entering into the MIA or entering into the MIA on materially different terms, or the breach amounts or could reasonably be expected to amount to a PIPE Material Adverse Event</li> <li>▪ A PIPE Director's recommendation is withdrawn or the PIPE Director makes a public statement indicating that support for the Scheme has been withdrawn</li> <li>▪ SPT fails to obtain financing by 18 December 2009</li> </ul> <p>PIPE may terminate the MIA by notice in writing to SPT if:</p> <ul style="list-style-type: none"> <li>▪ SPT is in breach of any representation or warranty that cannot be remedied and was of a kind that had it been disclosed to PIPE prior to PIPE's agreement to the MIA, it could reasonably be expected to have resulted in PIPE either not entering into the MIA or</li> </ul>

- 
- entering into the MIA on materially different terms
  - All of PIPE's Directors have changed or withdrawn their recommendation
  - SPT fails to obtain financing by 18 December 2009
- 

#### **Exclusivity**

PIPE must ensure the following during the period from the date of agreement of the MIA to the earlier of the termination of the MIA and 30 April 2010:

##### **No shop**

Neither PIPE nor any of its representatives shall directly or indirectly solicit, invite, encourage or initiate any enquiries, negotiations, discussions or proposals, or communicate any intention to do any of these things, which may reasonably be expected to lead to a Competing Transaction

##### **No talk**

Subject to certain limitations (discussed below), neither PIPE nor any of its representatives shall directly or indirectly negotiate, enter into or participate in negotiations or discussions with any person or communicate any intention to do any of these things, which may reasonably be expected to lead to a Competing Transaction or the Scheme not proceeding

##### **Limitations to no-talk**

The no-talk restriction referred to above does not apply to the extent it restricts PIPE from taking or refusing to take any action with respect to a Competing Transaction where the Competing Transaction is bona fide and has been made by a person of reputable commercial standing and the PIPE Board have determined in good faith and acting reasonably after consultation with PIPE's independent financial adviser and receiving written advice from its external legal advisers, that to do so would more likely than not constitute a breach of the PIPE Directors' fiduciary duties or statutory obligations

##### **Rival Bidder and Right to Respond**

During the no-talk and no-shop period, PIPE must promptly notify SPT of any approach or intention on the part of any person to initiate discussions with PIPE with respect to a Competing Transaction. If any PIPE Director wishes to approve or recommend entry into any agreement, commitment, arrangement or understanding relating to a Competing Transaction, then before that Director does so PIPE must give SPT notice in writing of PIPE's intention to enter into an agreement or understanding relating to the Competing Transaction, including all material details including the identity of the person or persons, the terms and conditions of any Competing Proposal and the circumstances in which any information is provided to the Rival Bidder.

SPT then has the right to offer to amend the terms of the Scheme, make a takeover bid for PIPE or propose any other form of transaction within three business days. PIPE and the PIPE Board must review the counterproposal from SPT in good faith and if it is deemed more favourable to PIPE and its shareholders, then the parties must negotiate in good faith to enter into an amended agreement in relation to the Scheme, or if another form of transaction is contemplated, then the PIPE Board must promptly announce to the market that they unanimously recommend the Counterproposal (subject to certain qualifications).

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#### **Break Fee**

A break fee of \$3.7 million is payable by PIPE to SPT in certain circumstances including where:

- Any PIPE Director fails to recommend the Scheme, makes any public statement or takes any action that contradicts his recommendation, qualifies their support of the Transaction or withdraws his recommendation, or recommends against the Transaction other than as
-

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a result of the Independent Expert opining that the Scheme is not in the best interest of PIPE Shareholders and the Scheme not having become effective by 30 April 2010

- The Court fails to approve the Scheme as a result of material non-compliance by PIPE with any of its obligations under the MIA
  - The Scheme has not become effective by 30 April 2010 as a consequence of non-compliance by PIPE with any of its obligations under the MIA
  - A Competing Transaction is announced by 30 April 2010 and results in another person obtaining control of or merging with PIPE within 6 months of it being announced, or within 3 months of the Competing Transaction being announced the PIPE Directors unanimously recommend it in the absence of a superior proposal and no superior proposal is subsequently announced by SPT
  - A PIPE Material Adverse Event or Prescribed Occurrence occurs and SPT terminates the MIA as a result.
-

**Attachment B**  
**Merger Implementation Agreement**

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# Annexure 2

## Deed Poll

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Annexure to Merger Implementation Agreement

MinterEllison

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L A W Y E R S

# Deed poll

SP Telemedia Limited (**SPT**)

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In favour of each Scheme Participant

MinterEllison

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L A W Y E R S

AURORA PLACE, 88 PHILLIP STREET, SYDNEY NSW 2000, DX 117 SYDNEY  
TEL: +61 2 9921 8888 FAX: +61 2 9921 8123  
[www.minterellison.com](http://www.minterellison.com)

# Details

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## Date

## Deed poll by

Name **SP Telemedia** ABN 46 093 058 069  
Short form name **SPT**  
Notice details 65 Waterloo Road  
NORTH RYDE NSW 2113  
Facsimile: +61 2 9888 9148  
Attention: Alan Latimer

## In favour of

Name each **Scheme Participant**

## Background

- A On 11 November 2009, PIPE Networks Limited (ABN 21 099 104 122) (**PIPE**) and SPT entered into a merger implementation agreement (**Merger Implementation Agreement**).
- B Under the Merger Implementation Agreement, SPT has agreed to execute this deed poll.
- C SPT is entering into this deed poll to covenant in favour of each Scheme Participant to perform SPT's obligations under the Scheme.

# Agreed terms

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## 1. Defined terms & interpretation

### 1.1 Defined terms

In this deed poll:

- (a) **Scheme** means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between PIPE and its shareholders, as contemplated by the Merger Implementation Agreement; and
- (b) capitalised terms have the same meaning as in the Scheme unless otherwise defined in this deed or the context requires otherwise.

### 1.2 Interpretation

This deed poll is to be interpreted according to corresponding rules to those set out in clause 1.2 of the Scheme except that references to 'this Scheme' in clause 1.2 will be taken as being references to 'this deed poll'.

### 1.3 Nature of deed poll

SPT acknowledges that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though those persons are not party to this deed poll.

## 2. Conditions Precedent and Termination

### 2.1 Conditions Precedent

The obligations of SPT under clause 3 are subject to the Scheme becoming Effective.

### 2.2 Termination

The obligations of SPT under this deed poll to Scheme Participants will terminate, and the terms of this deed poll will be of no further force or effect:

- (a) if the condition in clause 2.1 of this deed poll is not satisfied or waived in writing by SPT on or before the Sunset Date; or
- (b) automatically on the termination of the Merger Implementation Agreement, unless SPT and PIPE otherwise agree.

### 2.3 Consequences of Termination

If this deed poll is terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) SPT is released from its obligations to further perform this deed poll except those obligations contained in clause 11; and
- (b) Scheme Participants retain the rights they have against SPT in respect of any breach of this deed poll by SPT which occurred before its termination.



### 3. Compliance with Scheme Obligations

#### 3.1 Scheme consideration

Subject to clause 2, in consideration for the transfer of the Scheme Shares to SPT in accordance with the Scheme, before 12.00 noon on the Implementation Date, SPT will pay the Aggregate Scheme Consideration to an account in the name of PIPE in accordance with clause 5.1 of the Scheme.

#### 3.2 Other obligations

Subject to clause 2, SPT will comply with its other obligations under the Scheme, as if named as a party to the Scheme.

### 4. Warranties

SPT represents and warrants in respect of itself that:

- (a) **incorporation:** it is a corporation validly existing under the laws of its place of incorporation;
- (b) **corporate power:** it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **corporate authorisations:** it has taken all necessary corporate action to authorise the entry into this deed poll and has taken or, if the conditions precedent referred to in clause 2.1 are satisfied or waived, will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **binding obligations:** this deed poll is valid and binding upon it;
- (e) **solvency:** it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
- (f) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed poll; and
- (g) **no default:** this deed poll does not conflict with or result in the breach of or default under any provision of its constitution, any material term or provision of any material agreement or any writ, order or injunction, judgement, law, rule, regulation or instrument to which it is party or subject or of which it is bound.

### 5. Continuing Obligations

This deed poll is irrevocable and remains in full force and effect until SPT has completely performed its obligations under this deed poll or the earlier termination of this deed poll under clause 2.

### 6. Further assurances

SPT will do all things and execute all deeds, instruments, transfers or other documents as may be necessary to give full effect to the provisions of this deed poll and the transactions contemplated by it.

## 7. Notices

- (a) A notice, consent or other communication (**Notice**) under this deed poll is only effective if it is:
  - (i) in writing, signed by or on behalf of the person giving it;
  - (ii) addressed to the person to whom it is to be given; and
  - (iii) either:
    - (A) delivered or sent by pre-paid mail to that person's address; or
    - (B) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full.
- (b) A Notice that complies with this clause 7 is regarded as given and received:
  - (i) if it is delivered or sent by fax:
    - (A) by 5.00pm (local time in the place of receipt) on a Business Day - on that day; or
    - (B) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day; and
  - (ii) if it is sent by mail:
    - (A) within Australia - 3 Business Days after posting; or
    - (B) to or from a place outside Australia - 7 Business Days after posting.
- (c) SPT's notice details are as set out in the Details section of this deed poll.

## 8. Remedies cumulative

The rights, powers and remedies provided to SPT and the Scheme Participants in this deed poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity.

## 9. Variation

- (a) A provision in this deed poll may only be varied by SPT if:
  - (i) the variation is agreed to by PIPE, which agreement PIPE may give or withhold without reference to or approval by any PIPE Shareholder being required; and
  - (ii) the Court indicates that the amendment would not, of itself, preclude approval of the Share Scheme.
- (b) SPT will enter into a further deed poll in favour of the Scheme Participants giving effect to any such amendment.

## 10. No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

## 11. Costs and stamp duty

All stamp duty that may be payable on or in connection with this deed poll and any instrument effected by, executed under or pursuant to this deed poll must be borne by SPT. SPT must indemnify each Scheme Participant on demand against any liability for that stamp duty and associated costs.

## 12. Assignment

The rights and obligations of SPT and each Scheme Participant under this deed poll are personal. They cannot be assigned, encumbered or otherwise dealt with and neither SPT nor any Scheme Participant may attempt, or purport, to do so without the prior written consent of PIPE and SPT.

## 13. Governing law and jurisdiction

This deed poll is governed by the laws of Queensland. SPT submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this deed poll.

# Signing page

**EXECUTED** as a deed poll.

**Executed by SP Telemedia Limited**

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director (print)



\_\_\_\_\_  
Signature of director/company secretary  
(Please delete as applicable)

\_\_\_\_\_  
Name of director/company secretary (print)



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# Annexure 3

## Scheme

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Annexure to Merger Implementation Agreement

MinterEllison

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L A W Y E R S

# Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

Between

PIPE Networks Limited ABN 21 099 104 122 (PIPE) and

The holders of fully paid ordinary shares in PIPE

## 1. Definitions and interpretation

### 1.1 Defined terms

The following definitions apply unless the context requires otherwise.

**Aggregate Scheme Consideration** means the aggregate of all Scheme Consideration payable to Scheme Participants under this Scheme.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market conducted by it.

**ASX Listing Rules** means the official listing rules of ASX.

**Business Day** means a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales or Queensland, Australia.

**CHESS** means the Clearing House Electronic Subregister System for the electronic transfer of PIPE Shares and other financial products operated by ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

**Conditions Precedent** means the conditions precedent set out in clause 5.1 of the Merger Implementation Agreement.

**Constitution** means the constitution of PIPE (as amended from time to time).

**Control** has the meaning given in section 50AA of the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Supreme Court of Queensland.

**Court Approval Date** means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Court Order** means the order of the Court approving this Scheme under section 411(4)(b) of the Corporations Act.

**Deed Poll** means the deed poll dated [date] executed by SPT in favour of the Scheme Participants.

**Effective** means, when used in relation to this Scheme, the Court Order coming into effect pursuant to section 411(10) of the Corporations Act.

**Effective Date** means the date on which this Scheme becomes Effective.

**Explanatory Statement** means the statement pursuant to section 412 of the Corporations Act which has been, or will be, registered by ASIC in relation to this Scheme, a copy of which will be included in the Scheme Booklet.

**Implementation Date** means the fifth Business Day after the Record Date.

**Independent Expert's Report** means the report prepared by a person to be appointed by PIPE as independent expert to prepare a report to be provided to the PIPE Shareholders to advise as to whether this Scheme is in the best interests of PIPE Shareholders.

**Merger Implementation Agreement** means the agreement of that name dated 11 November 2009 executed by PIPE and SPT.

**PIPE Board** means the board of directors of PIPE.

**PIPE Register** means the register of PIPE Shareholders maintained by PIPE pursuant to Chapter 2C of the Corporations Act.

**PIPE Share** means a fully paid ordinary share in the capital of PIPE.

**PIPE Shareholder** means a person registered in the PIPE Register as the holder of a PIPE Share.

**PIPE** means PIPE Networks Limited ABN 21 099 104 122.

**Record Date** means 5.00pm on the fifth Business Day following the Effective Date or such other date (after the Effective Date) as PIPE and SPT may agree in writing.

**Registered Address** means, in relation to a PIPE Shareholder, the address of the PIPE Shareholder as recorded in the PIPE Register.

**Registry** means the manager from time to time of the PIPE Register.

**Related Body Corporate** means, in relation to a person, any entity that is related to that person within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

**Scheme** means this scheme of arrangement, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by SPT and PIPE.

**Scheme Booklet** means the information to be despatched to all PIPE Shareholders and approved by the Court in connection with this Scheme, including this Scheme, the Deed Poll, the Explanatory Statement, the Independent Expert's Report, and notices convening the Scheme Meeting together with the proxy form for that meeting.

**Scheme Consideration** means:

- (a) subject to paragraph (b), \$6.30 cash for each Scheme Share held by a Scheme Participant; or
- (b) if the record date for any entitlement to be paid or participate in a dividend, distribution, return of capital or other entitlement occurs in respect of a PIPE Share after the date of the Merger Implementation Agreement but on or before the Implementation Date (which, for the avoidance of doubt, does not include the dividend with a record date of 6 November 2009 as announced to ASX before the date of the Merger Implementation Agreement), \$6.30 cash for each Scheme Share held by a Scheme Participant less the amount per Scheme Share of any such dividend, distribution, return of capital or entitlement.

**Scheme Participant** means each PIPE Shareholder as at 5:00pm on the Record Date (other than SPT or any of its Related Bodies Corporate).

**Scheme Meeting** means the meeting of PIPE Shareholders in relation to this Scheme convened by order of the Court pursuant to section 411(1) of the Corporations Act. It includes any adjournment of that meeting.

**Scheme Share** means each PIPE Share held by a Scheme Participant.

**Scheme Transfer** means, for each Scheme Participant, a proper instrument of transfer of their Scheme Shares for the purpose of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

**SPT** means SP Telemedia Limited ABN 46 093 058 069.

**Sunset Date** means 30 April 2010.

## **1.2 Interpretation**

In this Scheme, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Scheme, and a reference to this Scheme includes any schedule or annexure, unless specified otherwise;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, \$A, dollar or \$ is to Australian currency;
- (f) a reference to time is to Sydney, Australia time;
- (g) a reference to a party is to a party to this Scheme, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (n) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and



- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### **1.3 Headings**

Headings are for ease of reference only and do not affect interpretation.

## **2. Preliminary**

### **2.1 PIPE**

- (a) PIPE is a public company limited by shares, incorporated in Australia and registered in Queensland. Its registered office is at Level 9, Indus House, 127 Creek Street, Brisbane Queensland 4000.
- (b) PIPE is admitted to the official list of ASX and PIPE Shares are officially quoted on ASX.
- (c) As at the date of the Scheme Booklet, 59,054,651 PIPE Shares were on issue.

### **2.2 SPT**

- (a) SPT is a public company limited by shares, incorporated in Australia and registered in New South Wales. Its registered office is at 65 Waterloo Road, North Ryde New South Wales 2113.
- (b) SPT is admitted to the official list of ASX and ordinary shares in the capital of SPT are officially quoted on ASX.

### **2.3 SPT obligations and supporting documents**

- (a) This document contains provisions purporting to impose obligations on SPT. However, those provisions do not obtain legal force by operation of section 411 of the Corporations Act but rather, so far as PIPE is concerned, under the Merger Implementation Agreement and so far as PIPE Shareholders are concerned, under the Deed Poll. In interpreting this document as a scheme of arrangement under that section, those provisions are to be interpreted as merely declaratory.
- (b) PIPE and SPT have agreed, by executing the Merger Implementation Agreement, to propose and implement the terms of, and to perform their respective obligations under, this Scheme.
- (c) SPT has executed a Deed Poll pursuant to which SPT has covenanted in favour of each Scheme Participant to do all those things SPT is required to do under this Scheme.
- (d) If this Scheme becomes Effective, PIPE undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against SPT on behalf of and as agent and attorney for the Scheme Participants.

## **3. Conditions precedent**

- (a) This Scheme is conditional on:
  - (i) all of the Conditions Precedent having been satisfied or waived in accordance with the terms of the Merger Implementation Agreement;
  - (ii) the Merger Implementation Agreement having not been terminated as at 8.00am on the Court Approval Date;
  - (iii) a Court Order having been made; and

- (iv) such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are acceptable to SPT and PIPE, having been satisfied.
- (b) The fulfilment of each condition in clause 3(a) is a condition precedent to the binding effect of this Scheme.
- (c) On the Court Approval Date, PIPE must provide to the Court a certificate confirming whether or not all the conditions precedent to this Scheme, other than the conditions in clauses 3(a)(iii) and 3(a)(iv), have been satisfied or waived.
- (d) This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date or such later date as the Court, with the consent of SPT and PIPE, may order.

## **4. The Scheme**

### **4.1 Effect of Scheme**

- (a) If this Scheme becomes Effective then:
- (i) all the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to SPT;
  - (ii) PIPE will enter the name of SPT in the PIPE Register in respect of all the Scheme Shares;
  - (iii) SPT will provide the Aggregate Scheme Consideration to PIPE in accordance with clause 5; and
  - (iv) PIPE will pay the Scheme Consideration to each PIPE Shareholder in accordance with clause 5,
- in accordance with the provisions of this Scheme.
- (b) If this Scheme becomes Effective, it will:
- (i) bind PIPE and all Scheme Participants, including those who do not attend the Scheme Meeting, those who do not vote at that meeting and those who vote against this Scheme at that meeting; and
  - (ii) override the Constitution, to the extent of any inconsistency.

### **4.2 Procedural matters**

- (a) If the Court makes the Court Order, PIPE must lodge with ASIC an office copy of that order on the day such office copy is received or such later date as agreed in writing by SPT.
- (b) This Scheme will come into effect on the Effective Date.
- (c) Before 12.00 noon on the Implementation Date, in consideration for the transfer of all the Scheme Shares to SPT, SPT must pay to PIPE in the manner required by clause 5 the Aggregate Scheme Consideration.
- (d) On the Implementation Date, subject to SPT paying the Aggregate Scheme Consideration in accordance with clause 5 and SPT providing PIPE with written confirmation of that payment:
- (i) all of the Scheme Shares together with all rights and entitlements attaching to the Scheme Shares as at that time will be transferred to SPT without the need for any further act by any Scheme Participant (other than acts performed by PIPE (or its

directors or officers) as attorney or agent of the Scheme Participants under clause 8.2 or otherwise); and

- (ii) PIPE must deliver to SPT transfers of all the Scheme Shares duly completed and executed on behalf of the Scheme Participants in the form of Scheme Transfers which transfer all of the Scheme Shares to SPT.
- (e) SPT must immediately execute the transfers referred to in clause 4.2(d)(ii) as transferee and deliver the Scheme Transfers to PIPE for registration.
- (f) PIPE must, immediately following receipt of the transfers under clause 4.2(e) (in the form of Scheme Transfers in respect of the Scheme Shares), enter the name and address of SPT in the PIPE Register in respect of all the Scheme Shares.
- (g) The PIPE Board will be reconstituted by:
  - (i) the appointment of the nominees of SPT as directors of PIPE on the Effective Date (or such later date as agreed in writing by SPT) so that the nominees of SPT represent a majority of the PIPE Board; and
  - (ii) the resignation from the PIPE Board of all persons who are not nominees of SPT as soon as practicable after the Aggregate Scheme Consideration has been paid (provided that a proper board is constituted at all times).

## 5. Scheme Consideration

### 5.1 Scheme Consideration

The obligations of SPT to pay the Aggregate Scheme Consideration must be satisfied by:

- (a) SPT, before 12.00 noon on the Implementation Date, depositing into an account in the name of PIPE an amount equal to the Aggregate Scheme Consideration in cleared funds;
- (b) subject to SPT having complied with clause 5.1(a), PIPE procuring that:
  - (i) such amount be held by PIPE on trust for the Scheme Participants (except that any interest on the amount will be for the account of SPT) for the purpose of payment of the Aggregate Scheme Consideration to the Scheme Participants within five Business Days of the Implementation Date; and
  - (ii) the Aggregate Scheme Consideration is paid to the Scheme Participants within five Business Days of the Implementation Date by either:
    - (A) dispatching or procuring the dispatch to each Scheme Participant by pre-paid post (or pre-paid airmail if the address is outside Australia) to their Registered Address at the Record Date a cheque in Australian currency drawn on an Australian bank in the name of that Scheme Participant for an amount equal to; or
    - (B) where the Scheme Participant has nominated (by written notice to PIPE on or before the Record Date) a bank account with an Australian financial institution for any purpose (including for the purpose of payment of the Scheme Consideration), then by depositing directly to that bank account, an amount equal to,

the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration.

## 5.2 Joint holders

In the case of joint holders of Scheme Shares, any Scheme Consideration must be paid by a cheque forwarded in the names of those joint holders or where the joint holders have nominated a bank account under clause 5.1(b)(ii)(B), the amount shall be deposited directly to the nominated bank account of the joint holders.

## 5.3 Court notices

In the case of a notice having been given to PIPE (or the Registry) of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of PIPE Shares held by a particular Scheme Participant, which would otherwise be payable to the particular Scheme Participant in accordance with clause 5.1(b), then PIPE shall procure that payment is made in accordance with that order; or
- (b) which would prevent PIPE from making payment to any particular Scheme Participant in accordance with clause 5.1(b), PIPE shall procure that PIPE (or Registry) retains an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with clause 5.1(b) is permitted by law.

## 6. Dealings in PIPE Shares

- (a) For the purpose of establishing the persons who are Scheme Participants, dealings in PIPE Shares may only be recognised if:
  - (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the PIPE Register as the holder of the relevant PIPE Shares by the Record Date; and
  - (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry by the Record Date.
- (b) PIPE must register registrable transfers or transmission applications of the kind referred to in clause 6(a)(ii) by, or as soon as practicable after, the Record Date. The persons shown in the PIPE Register, and the number of PIPE Shares shown as being held by them, after registration of those transfers and transmission applications will be taken to be PIPE Shareholders, and the number of PIPE Shares held by them, on the Record Date.
- (c) PIPE may not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of PIPE Shares received after the Record Date (or received prior to the Record Date not in registrable form).
- (d) PIPE must maintain or procure the maintenance of the PIPE Register in accordance with this clause 6. The PIPE Register immediately after registration of registrable transfers or transmission applications of the kind referred to in clause 6(a)(ii) will solely determine the persons who are Scheme Participants and their entitlements to the Scheme Consideration.
- (e) From the Record Date and until registration of SPT in respect of all Scheme Shares under clause 4.2(f), no PIPE Shareholder may deal with PIPE Shares in any way except as set out in this Scheme and any attempt to do so will have no effect.
- (f) On or before 10.00am on the Business Day immediately before the Implementation Date, PIPE must give to SPT details of the names and addresses shown in the PIPE Register of all Scheme Participants and of the number of Scheme Shares held by each of them on the Record Date.

## 7. Quotation of PIPE Shares

- (a) It is expected that the suspension of trading in PIPE Shares on ASX will occur from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by SPT, PIPE will apply for termination of the official quotation on ASX of PIPE Shares and apply to have itself removed from the official list of ASX.

## 8. General

### 8.1 Alterations and conditions

If the Court proposes to approve this Scheme subject to alterations or conditions, PIPE may, by its counsel or solicitors but subject to the prior written approval of SPT, consent on behalf of all Scheme Participants to those alterations or conditions.

### 8.2 Covenants by Scheme Shareholders

- (a) Each Scheme Participant:
  - (i) agrees to the transfer of all of their Scheme Shares to SPT in accordance with this Scheme;
  - (ii) agrees to the modification or variation (if any) of the rights attaching to their Scheme Shares arising from this Scheme;
  - (iii) without the need for any further act, irrevocably appoints PIPE and each of its directors and officers, jointly and severally, as that Scheme Participant's attorney and agent for the purpose of executing any document or doing any other act necessary to give full effect to this Scheme and the transactions contemplated by it; and
  - (iv) consents to PIPE doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it, including (without limitation) a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act in the form of Scheme Transfers.
- (b) From the Effective Date until PIPE registers SPT as the holder of all Scheme Shares in the PIPE Register, each Scheme Participant:
  - (i) is deemed to have appointed PIPE as its attorney and agent (and directed PIPE in such capacity) to appoint the Chairman of SPT (or other nominee of SPT) as its sole proxy and, where applicable, corporate representative to attend shareholder meetings of PIPE, exercise the votes attaching to the Scheme Shares of which they are the registered holder and sign any PIPE Shareholders' resolution, and no Scheme Participant may attend or vote at any of those meetings or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to this clause 8.2(b). PIPE undertakes in favour of each Scheme Participant that it will appoint the Chairman of SPT (or other nominee of SPT) as the Scheme Participant's proxy or, where applicable, corporate representative in accordance with this clause 8.2(b); and
  - (ii) must take all other actions in the capacity as a registered holder of Scheme Shares as SPT reasonably directs.

### **8.3 Warranties by Scheme Participants**

Each Scheme Participant is deemed to have warranted to PIPE in its own right and on behalf of SPT that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred to SPT under this Scheme will, at the date they are transferred to SPT, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind and that they have full power and capacity to sell and to transfer such Scheme Shares (including any rights and entitlements attaching to those PIPE Shares) to SPT.

### **8.4 Status of Scheme Shares**

- (a) To the extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred to SPT under this Scheme will, at the date of the transfer of them to SPT, vest in SPT free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.
- (b) SPT will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by PIPE of the name and address of SPT in the PIPE Register as the holder of the Scheme Shares.

### **8.5 Notices**

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to PIPE, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at PIPE's registered office.

### **8.6 Further assurances**

PIPE must do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

### **8.7 Costs**

PIPE must pay the costs of this Scheme, except that SPT must pay any stamp duty payable on the transfer by Scheme Participants of the Scheme Shares to SPT.

### **8.8 Proper law**

The proper law of this Scheme is the law of Queensland.

# Annexure 4

## Indicative Timetable

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Annexure to Merger Implementation Agreement

MinterEllison

L A W Y E R S

Event	Target Completion
Expiry of DD Period	11 December 2009
Expiry of Finance Period	18 December 2009
Appoint Independent Expert	Promptly following execution of this agreement
Lodge Scheme Booklet with ASIC	25 January 2010
First Court hearing	10 February 2010
Dispatch Scheme Booklet	15 February 2010
Shareholder Meeting	17 March 2010
Second Court Hearing	19 March 2010
Effective Date	19 March 2010
Scheme Record Date	26 March 2010
Implementation Date	2 April 2010

MinterEllison

L A W Y E R S